STRATEGY RESEARCH PROJECT

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CHINA: SOURCES OF CONFLICT

BY

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ABSTRACT

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As a large non-democratic Asian nation with a population of 1.2 billion, China has emerged from the Cold War as a key long-term security challenge. It's dominant geo-strategic location, independent foreign policy, and large standing conventional and nuclear arsenal pose a significant threat to regional stability as China strengthens its economic influence and increases its ability to project power.

While China's ever-increasing authority and geo-strategic position make this a region of critical concern for the United States, so does its increasing reliance on energy producing resources, and encroachment upon strategic and potentially mineral rich areas. As a consequence, China's rapid economic growth and increasing dependence on oil requires an assertive and aggressive foreign policy, which support Beijing's efforts to obtain valuable resources that allow China to act autonomously.

This paper shall therefore examine the emergence of China, and her geo-strategic position within the Asia-Pacific region. Central to this effort is China's growing dependence on oil, the South China Sea, and the emerging areas of contention that increase the potential for a confrontation, should China view the United States as a direct military threat.

TABLE OF CONTENTS

INTRODUCTION....1

CHINA AND THE UNITED STATES....1

GRAND STRATEGY....3

VULNERABLE BORDERS....3

THREATS....4

DOMESTIC POLITICAL SYSTEM....4

NATIONAL IMAGE....5

ECONOMIC CONSOLIDATION....5

THE NEW PERIPHERY – GROWTH OF THE PLAN....7

ASIA-PACIFIC FLASHPOINTS....8

SOUTH CHINA SEA....8

THE ISLANDS....9

JAPAN-CHINA RELATIONS....9

TAIWAN-CHINA RELATIONS....10

INDIA-CHINA RELATIONS....11

CHINA....11

OIL....12

SEA LINES OF COMMUNICATION....13

CONCLUSION....15

ENDNOTES....17

BIBLIOGRAPHY....21

CHINA: SOURCES OF CONFLICT

"We shall not yield to any outside pressure or enter into alliance with group of countries, nor shall we establish any military bloc, join in the arms race, or seek military expansion."[1]

-- Jiang Zemin
Speech – September 12, 1997

Since the mid 1960's, the United States has based its Asia-Pacific security strategy on the premise that Washington must develop and sustain a coalition of allies, directed at countering the Soviet Union and Red China. Today, the Soviet Union no longer exists, nor does its military present much of a threat, as it currently remains poorly equipped and under supported. In contrast, the People's Republic of China (PRC) has emerged as an international power, with the potential – political, economic, and military – to challenge the United States (U.S.) with its modern and capable military.[2]

China's emergence as an economic and military competitor constitutes one of the greatest challenges facing the U.S. and its military. China's location, as the only continental power bordering Russia, Korea, Southeast Asia, South Asia, and Central Asia plays a critical role regionally, effecting U.S. foreign policy. Its geo-strategic position, rapidly growing economy, and large population dominate the Asia-Pacific region, enabling Beijing to establish goals and policies that run contrary to American interests – to "replace the United States as the preeminent power in Asia -- to reduce American influence, to prevent the Japanese and American containment of Chinese influence, and to extend its power into the South and East China Seas in order to control the region's essential sea-lanes."[3]

CHINA AND THE UNITED STATES

The relationship between the U.S. and the Peoples Republic of China (PRC) remains extraordinarily complex. China's disenchantment over the presence of U.S. forces throughout the Asia-Pacific region, its emergence as a major economic and military power, its ongoing territorial disputes, and its desire to reunite Taiwan presents the U.S. with a considerable challenge as it strives to maintain regional stability and lessen the likelihood of conflict.

Serving as a counter-weight, the U.S. regards its presence as crucial in the post-Cold War Asia Pacific region. The presence of American forces in the Asia-Pacific region parallels our presence in Europe and represents a commitment by the U.S. to peace and security. As a consequence, many nations throughout this area have grown

accustomed to our military and economic influence, as it serves to balance regional security, offsetting China's military and economic strength.

China's position is quite different. Beijing views America's willingness to use military force [Bosnia, Kosovo, and recently in Iraq], the strengthening of U.S. and Japanese defense guidelines regarding joint support in the areas surrounding Japan, NATO's expanding role, and U.S. domination of the global economic market as a direct threat to Chinese sovereignty.[4] Thus, China's goal to regain her historical legacy, assumes a position as the dominant power in East Asia, and would arguably entail the reduction of U.S. influence, the prevention of Chinese containment, access to vital resources, and a credible military force to counter foreign threats.

Recently, China has become less inhibited and more assertive as it candidly stated its intentions through the release of a white paper, titled "China's National Defense in 2000."[5] The paper describes the PRC's position on national defense and international security, detailing the importance of China's military modernization in response to rising instability and uncertainty. The white paper also identifies China's disdain for the "archaic, unjust international political and economic order," strongly recommending the discarding of our Cold War mindset, and the development of a new security order. According to China, global peace and security cannot be achieved unless the world shed's the old system for the new.[6]

In his new book "Hegemon, China's Plan to Dominate Asia and the World," Steven Mosher identifies key issues within China's white paper that threaten peace and stability throughout the region.[7] They are:

- Hegemonism and power politics remain the main source of threats to world peach and stability
- Cold war mentality and its influence still have a certain currency, and the enlargement of military blocs and the strengthening of military alliances have added factors of instability to international security
- Some countries, relying on their military advantages, pose military threats to other countries, even resorting to armed intervention
- The old unfair and irrational international economic order still damages the interests of the developing countries

- Local conflicts caused by ethnic, religious, territorial, natural resources and other factors arise now and then, and questions left over by history among countries remain unsolved
- Terrorism, arms proliferation, smuggling and trafficking in narcotics, environmental pollution, waves of refugees, and other transnational issues also pose new threats to international security [8]

Although each of these issues address numerous uncertainties, two things remain clear: First, the U.S. is perceived as China's competitor, and as such, plays a key role in the peaceful reunification of Taiwan – ending China's humiliation over a divided China; second, China's increasing demand for resources, and the growing importance of maritime transportation, increase the likelihood that China will deploy its military forces to assure its continued economic growth. Thus creating an environment of resource competitiveness, which conflicts with the interests shared by the United States and others in the Asia-Pacific community.

GRAND STRATEGY

Like the United States, China maintains an evolving national security strategy that responds to a wide variety of security issues threatening its vital interests. Beijing's development of a coherent national security strategy has broad implications, and is particularly important for the United States during the formulation and implementation of its own East Asian strategy. The tenets that condition China's strategy are:

- Her long and geographically vulnerable border
- The presence of numerous threats, both nearby and distant
- A domestic political system marked by...conflict at the top and weak institutions
- China's great power self-image [9]

- VULNERABLE BORDERS

Geography plays a considerable role in the development of China's security strategy. As the world's most inhabited country – estimated at 1.2 billion – China dominates the Asian landmass with a border extending over 10,000 miles.[10] In comparison, China's landmass covers an area slightly smaller than Canada and somewhat larger than the United States.[11]

China straddles the heart of the Asian landmass where she is bounded on the north by Russia; on the northeast by Russia and North Korea; on the east by the Yellow Sea and the East China Sea; on the south by the South China Sea, Vietnam, Laos,

Burma, India and Nepal, on the west by Pakistan, Afghanistan, and Tajikistan; and on the northwest by Kazakhstan. China's borders encompass almost every major type of climate and terrain known in the world.

- THREATS

Throughout history, China's borders have repeatedly expanded and contracted, driving the development of a national security strategy designed to control, influence, or neutralize threats along an expansive open periphery containing flat grasslands, deserts, and dry steppes. These long penetrable borders continue to expose China to a variety of threats, and challenge government efforts to maintain adequate defenses. Thus, the driving need to protect its lengthy borders, and to maintain internal domestic order provides the basis for China's large continental land army.[12]

Like any other nation, China can be expected to use force to defend its territorial integrity, and has done so on many occasions. Since 1949, China has fought numerous border skirmishes against India and the former Soviet Union to secure disputed border areas, and again against Korea and Vietnam to preemptively attack when threatened by massed military forces. Although India, Russia, Japan, and the United States pose unique security threats to China, its primary land threat comes from five eastern, mostly-Islamic neighbors. Though somewhat focused, the constant fighting in Tajikistan, and the turmoil in the Fergana valley [near China's Muslim province, Xinjiang] continue to threaten the eastern region with conflict.[13]

Today, China's strategic periphery is expanding, to encompass both continental and maritime regions. As a result, China has developed a military force centered on three elements: the 2.5 million member PLA; the one million member People's Armed Police (PAP); and, a reserve-militia component numbering well over 1.5 million personnel. Recently, there has been growing evidence that China's force development strategy is being influenced, in part, "by its focus on preparing for military contingencies along its southeastern coastal zone, driving the requirement for a modernized air and naval force."[14]

- DOMESTIC POLITCAL SYSTEM

China's political system derives its strength from its rulers, whose primary goal is to keep the communist party in power. The current leaders are committed to reversing the decades of shame, which will occur when China is strong enough to reclaim her traditional territory, and it develops an economy and military that will protect China from foreign aggression. More importantly, ultimate authority comes from the power and

influence of individual leaders, not from legal processes. In such a system, external security policies and political behavior are frequently changing and remain highly susceptible to internal political strife.[15] As a consequence, "the political system has developed within the citizens of China a strong connection between internal political weakness and foreign aggression."[16]

- NATIONAL IMAGE

The loss of China's cultural primacy and economic self-sufficiency, and the emergence of competing economic powers along its periphery have resulted in Beijing's growing emphasis on the attainment of economic influence and military might. This emphasis presents an assortment of potential challenges, given China's goal "to become strong, modernized, unified, and wealthy" by the year 2050.[17] In this context, Beijing places top priority on "efforts to promote rapid economic development and secure access to global resources."[18]

ECONOMIC CONSOLIDATION

China's economic influence has been expanding since 1978, following the implementation of self-imposed market reforms designed to transform "China's latent potential into actual power."[19] Her rapid economic growth, and recent three-fold increase in her gross domestic product (GDP), leads many analysts to conclude that "with average growth rates of approximately 8-9 percent annually, China's GDP could surpass that of the U.S. within 10-15 years" – supporting the predicted shift of economic power to the Asia-Pacific region by 2020.[20]

Today, China's land border remains somewhat static and unthreatened. Ongoing efforts to resolve border disputes are primarily handled through diplomatic channels, supporting institutional changes within China's economic security environment.[21] Beijing's rapprochement with Russia and recent economic consolidation effort continue to support the movement of Beijing's economic center of gravity from the interior, where it was traditionally protected from a Soviet invasion, to its current location, along the South China Sea.[22]

Arguably, it is this relocation of China's economic center of gravity along her South China Sea coastline that compels Beijing to build and modernize a force best suited to protect China's maritime and littoral interest's – the People's Liberation Army Navy (PLAN).

THE NEW PERIPHERY – GROWTH OF THE PLAN

In assessing China's coastal defense requirements, it is clear that the PLA has numerous issues to contend with. Besides its 3,000 miles of coastline, the Chinese claim to have "more than 6,000 islands, and over three million square km of territorial water to defend -- in some of the most heavily traveled and strategically important waters in the world."[23] In addition to its long coastline, China also has a good number of natural ports and several large rivers that allow seagoing traffic to penetrate deep into China's heartland. Accordingly, this large maritime area, coupled with Beijing's view of a hostile encirclement [U.S. naval bases and military agreements with countries on China's seaward and southern peripheries] has convinced China that its greatest vulnerability lies with its ability to control the sea.[24]

In 1990, China's military underwent a significant transformation, replacing their existing cold-War defensive strategy with a doctrine based on a "balanced, flexible and smaller military, able to operate outside of territorial waters."[25] Several factors contributed to this strategic shift: "Paramount among them is a sense of unease throughout the region, including economic fluctuations, an unclear picture of the U.S. commitment to the area, and uncertainty over the emerging Japanese role in the region. A second factor affecting China's military strategy is energy security. China is the largest consumer of oil outside of the United States. China will need to rely more on imported oil to sustain its economic growth. Much of the oil is transported by sea, thus the increased importance of safeguarding sea lines of communication (SLOC). A third factor is an inherent need for China to achieve regional military supremacy to assert authority over neighboring states. Two classic examples are the breakaway province of Taiwan and the strategic and potentially mineral rich Spratly Islands."[26]

In order to address these national security concerns China looked to General Liu Huaqing, the commander of the PLAN from 1982 to 1987 and the Vice-Chairman of the Central Military Commission to September 1997.[27] Liu's strategy entailed the construction of a naval force, capable of interdicting foreign military and commercial traffic well beyond the confines of the South China Sea.[28] His concept provided for: "(1) stubborn defense near the shore; (2) mobile warfare at sea; (3) and, surprise guerrilla-like attacks at sea."[29] He delineated two strategic maritime areas that China should be capable of controlling: "the littorals or "Green Water Line", giving the navy the ability to operate out to the first island chain or, all areas in the Yellow Sea, the western East China Sea, including Taiwan, and the South China Sea; and in 2020, the ability to

sustain an open ocean or "Blue Water" naval forces, able to assert control over the second island chain, including areas west of the Kuril Islands down to the Marianas Islands and Papua New Guinea."[30] Additional missions for the PLAN include "anti-smuggling, anti-piracy, fisheries protection, and of growing importance, defense of the SLOC's."[31] This last mission is significant given that as much as 50 percent of China's economy depends on foreign trade, about 90 percent of which is transported by ship.[32]

ASIA-PACIFIC FLASHPOINTS

When asked to identify the probable flashpoints of the Asia-Pacific region China, the South China Sea, and the connecting Sea Lines of Communication (SLOCs) invariably rank at the top of the list. The history of this region with its ongoing territorial disputes adds to an already volatile environment which include large, growing populations focused along the littorals, growing economies, modern military forces, and of increasing importance, a growing demand for resources.

- SOUTH CHINA SEA

The South China Sea proper, covering an area of 310,000 square miles, is a semi-enclosed water body, with ninety percent of its perimeter rimmed by Asia's most influential littoral nations: the People's Republic of China (PRC), Taiwan, Malaysia, Brunei, Indonesia, Singapore, Thailand, Cambodia, Vietnam and the Philippines.[33] It is an area heavily dependent on overseas trade, reliant on open sea communications and, as a result, heavily populated and invested along the coastal capital cities and major ports.[34]

Freedom of navigation throughout the South China Sea and the connecting sea-lanes of communication (SLOCs), remain essential to the region as a link between Asia and the rest of the world. As well as being an important commercial and military sea-lane, the South China Sea is also an area rich in food and mineral resources.[35] This includes rich fisheries; possible large petroleum and natural gas reserves; and the vital SLOCs. Consequently, the numerous competing claims for island territories, maritime and seabed drilling rights, and access to fisheries have created "an area that is rapidly becoming a militarized economic zone, with numerous troops and naval vessels located on, or in close proximity to many of the inhabitable islands found throughout the Spratly archipelago."[36]

- THE ISLANDS

The South China Sea includes an area from Singapore to the Strait of Malacca in the southwest, to the Strait of Taiwan in the northeast, and portions of the Pacific Ocean. This area includes numerous islands and reefs, with the majority located in the Paracel and Spratly Island chains. These unobtrusive bits of land play a key geo-strategic role in the South China Sea. First, "ownership of these islands support future territorial claims to the surrounding sea and resources. Second, these islands sit astride the sea-lanes through which commercial vessels must sail enroute to and from South Asian ports."[37]

The fact that the surrounding areas within the South China Sea are rich in oil deposits has led to speculation that the numerous islands have large untapped oil reserves, near some of the world's largest energy consuming countries. This conjecture continues to grow, increasing the probability of territorial disputes concerning their ownership.

Numerous attempts have been made to resolve the claims, with little or no success. Currently, "eight states claim title to the South China islands. Singapore and Malaysia dispute claims over Pisang Island and Pulau Batu Puteh, which are strategically situated in the congested waters of Malacca and Singapore Straits. China, Taiwan, and Vietnam contest each other's claims to sovereignty over the Paracel Islands, a group of fifteen islets and several reefs and shoals scattered throughout the middle of the Gulf of Tonkin. Taiwan also contests China's claims to Pratas Island and the Macclesfield Bank. As for the Spratlys, six states continue their claim: China, Taiwan, and Vietnam claim the entire archipelago, while the Philippines, Malaysia and Brunei claim sovereignty over portions of the Spratlys."[38]

- JAPAN – CHINA RELATIONS

Beijing remains cautious of U.S. and Japanese relations, and any new development that either strengthens their relationship, or upsets the status quo currently found throughout the Asia-Pacific region. From a military perspective, the U.S. and Japan are the only two nations that individually, and collectively, present China with a security concern. An aggressive U.S. and a restless Japan can considerably alter China's strategic position, significantly increasing the likelihood of conflict. At present, Japan remains idle – a benefit derived by the presence of American forces. However, Asia's perception of decreasing U.S. commitments creates uncertainty, and encourages self-reliance through increased military spending. The potential emergence of Japan, as

an independent military force, raises many concerns -- given its "history of militarism and what many perceive as a cultural tendency toward aggression."[39]

- TAIWAN – CHINA RELATIONS

Central to China is Washington's relationship with Taiwan, an island of 23 million people that China views as a renegade province. Beijing's goal to reunify China includes options ranging from intimidation, to outright invasion. Despite her concerns about the U.S., Beijing refuses to renounce the use of military force, leaving military confrontation between the U.S. and China an open but unlikely possibility. In contrast, Washington continues to maintain its "unofficial" relations with Taiwan under the 1979 Taiwan Relations Act (TRA). It was the intent of Congress in 1979 that the U.S. maintains strong informal ties with Taiwan to provide for its defensive needs – and through various means, deter China from taking military action against Taiwan. Key elements that define America's responsibilities are:

(1) "To make clear that the United States decision to establish relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;"

(2) To consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to peace and security of the Western Pacific area and of grave concern to the United States

(3) "To maintain the capacity to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or the economic system, of the people of Taiwan;"

(4) "The United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability;"

(5) "The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people of Taiwan and any danger to the interests of the United States arising there from." [40]

Though Taiwan's future is unclear, its presence plays a critical role throughout the region. Taipei's growing democracy and thriving economy – as America's seventh largest trading partner – make Taiwan an important player throughout the region as it challenges the legitimacy of the Chinese Communist Party.[41] Ultimately, Taiwan's future depends upon the interaction of two forces, one pushing for independence, and the other for reunification.

- INDIA – CHINA RELATIONS

China's concern with India centers upon her nuclear strategic potential and her naval "blue water" capability. India's recent testing of missiles capable of reaching China is just one part of the continuing escalation between the two countries. India's growing concern over China's influence – selling arms to Pakistan and Sri Lanka and the establishment of a Chinese naval base in Myanmar (Burma) – justified the expansion of its naval force, which is modern and capable of interdiction operations throughout the Indian Ocean, the interconnecting sea lanes, and the South China Sea. India and Vietnam's signing of a defense agreement add another dimension to Chinese-Indian relations, as it inevitably increases the tension between the two nuclear powers. India's potential use of Cam Ranh Bay will invariably increase the opportunity for confrontation, as it provides India with a South China Sea basing site and a greater ability to interdict maritime traffic bound for China.[42]

To counter India's growing capability China has established relations with Myanmar (Burma). Chinese funded road construction to coastal naval bases provides China with an alternate outlet to the Indian Ocean, and in the event of conflict, it would serve as an advance base to protect China's sea lines of communication. This land base line of communications to the Indian Ocean provides China with the shortest route to the Indian Ocean from southern China, and facilitates the presence of China's military forces in close proximity to India's major naval ports.

- CHINA

As the dominant force in Asia, China is ideally located to counter the influence of any regional or global power. Her military modernization effort, which is tied to her economic growth, is developing an effective power-projection force capable of protecting and promoting national interests and sovereignty claims throughout the region – primarily the South China Sea, Taiwan, Spratly Islands, and the interconnecting SLOC's. As a regional power, China recognizes the influence U.S. forces have in the Asia-Pacific region, promoting stability through conflict prevention. It also pacifies Japan's fear of an emerging China, prevents a regional arms race and regional competition, provides for Taiwan's security, and more importantly, it maintains a secure and stable environment for maritime shipping by ensuring freedom of the seas.

We must remember that China has an unmistakable history of committing military force based solely on principle, despite the economic and social ramifications or, when its national interests are threatened. It is important to note that China sent over 300,000

men into combat during the Korean conflict. This commitment of human life brings to light key sensitivities such as sovereignty, territorial integrity, and the maintenance of adequate buffers to support China's integrity.[43] Since it's founding on October 1, 1949, the PRC has resorted to force no less than twelve times, committing vast quantities of resources at the expense of economic development.[44]

- OIL

> ***"Despite China's many uncertainties, one thing remains a constant. Given her pace of economic development, China must address her rapidly growing demand for resources [oil and natural gas]. Although her energy mix will continue to be based on coal, with oil accounting for only about 20-25% of its overall primary energy consumption, the supply of this strategic fuel will be the key to China's future security."***[45]

From a strategic and military perspective, oil is the Asia-Pacific region's key resource, and is inextricably linked to the area's future security. The unhindered flow of oil into this area of the world is vital to the region, as it supports economic growth while promoting cooperation and stability. Though present oil imports account for almost 60% of the Asian-Pacific oil consumption, dependency projections are expected to rise an additional 15% by 2010.[46] This projection requires Beijing to address two key concerns: First, China's growing reliance on Persian Gulf oil -- as consumption exceeds production, and second, the growing significance of key waterways – needed to transport the oil from the Middle East to China.

In the last decade, China has recorded an unprecedented economic growth rate. This rapid development has contributed to a corresponding demand for energy resources, particularly for oil and gas. In 1993, China became a net importer of foreign oil, and according to recent estimates, its demand for oil will continue to grow at an exponential rate.[47] In the coming decade, the disparity between demand and domestic production will continue to increase, as China's dependence is projected to reach 66%.[48] This widening gap between supply and demand raises the most concern, as it will certainly influence the future development of China's national security strategy.

Historically, Beijing has ignored the possibility of its growing dependence on imported energy. This mindset developed from the premise that "due to it large energy requirements, China could hardly afford the consequence of not being self-reliant."[49] The Chinese government has recently admitting that the increased reliance on oil imports is becoming unavoidable, as they simultaneously make arrangements to increase oil imports. Accordingly, the rising need to transport Middle East oil through the Indian Ocean and the straits of Southeast Asia will significantly impact Beijing's long-

term economic and foreign policies. China must therefore consider its widening oil imbalance, as its dependence ties Beijing to stability in the Middle East and naval security for tanker support.[50]

As such, China must develop a political and military strategy to address its concerns, and decide what role it wants to play in the Asia-Pacific region, as it competes for a growing share of the resources. China's recent emergence in [Myanmar (Burma)] is linked to its desire for access to the Middle East, as Beijing responds to the presence of foreign warships that threaten the security of China's energy supply.

- SEA LINES OF COMMUNICATION (SLOC)

"What are the enduring features of the Asian security? First and foremost are the high stakes involved, as great as anywhere on the planet. Asia remains a concentration of powerful states with sizable militaries, some nuclear armed. It is a region of great global economic importance and significant regional interdependence. And it is an area with numerous navigational choke points, sea-lanes that are the economic arteries carrying the lifeblood of many of our economies. These high stakes make stability crucial for all countries of the region."

William S. Cohen, Secretary of Defense
Speech on U.S. Asia-Pacific Security Strategy
Singapore, January 15, 1998

Geography throughout the Asia-Pacific region plays an important role as it ensures that much of the domestic trade, and virtually all of the coastal and inter-regional trade, move by sea. Over ninety percent of global trade occurs by sea, and more than one-third of the world's ships – sail through regional SLOC's, giving this area its global significance.[51]

The SLOCs throughout the Indonesian Archipelago and South China Sea region play a key role economically and militarily. In many ways, these waterways serve the region as a super-highway, moving commerce that supports economic growth. "For many of the Asia-Pacific nations lacking a well-developed land transport infrastructure, there is no substitute, making maritime transportation a vital necessity."[52]

For ocean-going traffic, transiting from the Persian Gulf to Northern Asia, the choices are limited. Among the five possible routes, only three provide a safe passage for the largest super-tankers and blue-water warships -- The Malacca Straits, thought to be the second busiest water passage in the world, is draft limited and has narrow channels that present a navigational and force protection challenge. The Sundra Strait, the most difficult to navigate, remains the most direct route from Africa to North Asia, and finally, the Straits of Lombok and Makassar, which provide the most direct route for

ships traveling from Australia to Northeast Asia and, is deep enough to handle any ship, regardless of size.[53]

Shipping that transits the South China Sea and associated SLOCs must transit through vulnerable areas called chokepoints. These areas obtain their importance through their geographic location and vulnerability to closure. The shutdown of any of these chokepoints creates difficulties for maritime shipping, requiring maritime traffic to sail farther, "inevitably generating a substantial increase in the requirement for available shipping. The effect would be strongest for crude oil shipments and dry bulk such as iron ore and coal."[54]

Typically, the shipping that transits these areas can be divided into three categories: "dry bulk (dominated by iron ore, grain, and coal); liquid bulk (dominated by crude oil and petroleum products); and general cargo (dominated by containers). Tonnage via Malacca and the Spratly Islands is dominated by liquid bulk such as crude oil and liquid natural gas, with dry bulk (mostly coal and iron ore) in second place. Nearly two-thirds of the tonnage passing through the Strait of Malacca, and half of the volume passing the Spratly Islands, is crude oil from the Middle East."[55]

Sovereignty disputes and overlapping maritime claims constitute a major threat to SLOC security. Disputes over the sovereignty of reefs and islands located along the SLOCs in the South and East China Seas present the greatest potential for conflict as "an interruption to the SLOC security could arise as a side effect of armed clashes between coastal states engaged in pressing claims to maritime jurisdiction."[56]

The ongoing naval build-up presents another threat to SLOC security, as numerous countries throughout the region increase their capacity for maritime interdiction and escort. China is not alone in this effort to improve its sea-lane defensive capability. Within the last decade, over 200 surface combatants were funded for construction. Concurrently, analysts are expecting the Asian states to acquire more than 36 modern submarines during the next decade.[57]

The South China Sea has long been recognized for its potential oil reserves, located within Exclusive Economic Zones of several littoral countries. The economic and strategic importance of additional reserves in the middle of the South China Sea – Spratly Islands – cannot be overstated. Their physical location, coupled with the growing importance of oil imports, emphasizes the strategic importance of this area.

CONCLUSION

The increasing complexity of the Asia-Pacific region with its rapidly expanding economy, growing demand for resources, and mounting propensity for conflict makes this region an area of vital concern for the new U.S. administration in 2001. Found within this region are six of the world's largest armed forces [China - with 2.8M personnel; the United States - with 1.4M personnel; Russia with 1.2M personnel; India with 1.2M personnel; North Korea with 1.1M; South Korea with 0.67M; Turkey with 0.64M; Pakistan with 0.59M; Iran with 0.54M; and lastly Vietnam with 0.48M][58] – and if economic trends continue, this area will contain eight out of the ten world's largest economies – placing the greater part of the world's influence in the Asia-Pacific region.[59]

This movement of global influence increases the potential for conflict, as the "traditional states [U.S.] providing the vital function of order-maintenance...and the rising states [PRC], seek to challenge, directly or indirectly, the authority and rules of the system."[60] Thus, the region's unprecedented economic growth will contribute to the corresponding rise in energy consumption, which will exceed available resources and jeopardize future economic growth. As a result, the area's expanding economy will serve as the catalyst for conflict, as China competes for access to energy rich areas -- islands, ocean floors and ocean waters – threatening regional security and stability.

Accordingly, our future Asia-Pacific strategy must recognize the emergence of China as a peer competitor. It must also recognize that China will continue its economic growth, regardless of U.S. support, and that influencing China's behavior through engagement and containment is the best course of action. More importantly, our strategy must recognize that our success in dealing with China depends upon our ability to remain prepared, and to respond appropriately when challenged by China.

To do this, the U.S. must deal with China from a position of power. Our engagement strategy must reverse the growing perception that U.S. presence and influence is decreasing, while China's influence is increasing. Our most recent decision to ask Japan and South Korea to play a greater role in their own defense, the closure of U.S. bases in the Philippines, and our post-Cold War cuts in U.S. defense spending convey the wrong message, giving nations throughout the Asia-Pacific region the impression that our commitment to this area is diminishing. Finding additional basing sites – for short term, and long-term periods of time -- is one way to reverse the current trend. Recent arrangements in Singapore for port and maintenance facilities increase our engagement opportunities. However, the supporting infrastructure is insufficient to

support a major theater contingency. Additionally, our engagement strategy must increase the level of military to military engagements throughout the region. This option recognizes the PLA as a key player in Asia-Pacific security, and assumes that a U.S. / PLA mil-to-mil exchange will increase transparency and promote confidence-building measures which reduce misperceptions and prevent conflict. If successful, this option will develop a dense network of Chinese relationships that will allow the U.S. to influence China economically: through the World Trade Organization, politically: by increasing bilateral ties, and militarily: by promoting China's participation in regional security organizations. Furthermore, this option increases Beijing's interaction in the international system and facilitates the democratization of China – making Beijing more open, less aggressive, and more cooperative.

On the other hand, our containment strategy must not become a "self-fulfilling prophecy" that eliminates China's options and increases the likelihood of conflict between our two nations. Instead, we must create a security environment that is grounded in the principle that Washington will establish, maintain, and defend treaties and alliances with nations that share our values and common interests -- the most important of which are regional security, stability, and economic prosperity.

Word Count: 5595

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