

**The Game of Fluctuating Interests:
USA and the Security Architecture in the South China Sea**

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Abstract

Throughout the past period, both the U.S and China further expanded their escalation actions (especially during the Trump and the Biden administrations). Within this context, the aim of this paper is to analyze the structural factors that steer the Chinese side to either keep escalating (potentially invading Taiwan), or to practice fluctuation of interests. By questioning the balance of power theorem between China and their adversaries (notably the United States, United Kingdom, and Australia). The literature about China's rise is voluminous, and consistently pinpoints key historical moments of increased tensions among the Western and Eastern fronts. Evidence points to significant variations within the Chinese modus operandi when it comes to use of force in territorial disputes. As it stands, our position is that barriers to direct conflict between the U.S and China are far too significant; furthermore, we project that the conflict among U.S China will continue to rely on traditional and novel approaches, such as trade restrictions, cyber-warfare, diplomatic power-play, and potentially through dominance in international institutions.

keywords: [China, Taiwan, Escalation, Warfare, CCP]

Introduction:

While both the United States and China consistently engage in power demonstrations, many analysts and scholars sound the alarm towards a potential Sino-American traditional war—perhaps in overly exaggerated ways. The Chinese and American doctrines significantly changed since the Cold War era, and with rapid and global politico-economic changes, the reliance on traditional warfare would mean a more hectic balance of advantages versus disadvantages. For one, the nuclear deterrence existing between the U.S and China can act as a major halting factor in conventional state war. Furthermore, economic interdependence would likely add a deeper level of cautionary measures on both sides of the equation. To delve further, the global warfare landscape is changing. As it stands, the vast majority of current wars are civil wars. In a publication written by Aaron Clauset and Kristian Skrede Gleditsch¹, both scholars argue that the number of traditional wars have been in decline. This is not to say that states are no longer interested in war, but are rather looking for more efficient approaches of influence in the light of diminishing appeal of interstate wars.

Our methodology consists of literature review of various qualitative and empirical data sources that look at the U.S and the Chinese historical relations, trade size (inter-economic dependence), and military force size and power. These factors will pinpoint the predicted approach for the U.S and China towards their future relations and engagement. Under the current geopolitical circumstances, these factors will help us determine the likelihood of Chinese military engagement in Taiwan, and the potential of direct conflict between China and their adversaries as an interest-driven retaliation against said Chinese offensive.

Timeline (context):

The intricacies of the US-Chinese relations are driven by various factors (military, trade, and geopolitical dominance). The role of Taiwan in this conflict was a proxy state; however, while U.S policy towards Taiwan was consistent for the most part, it did have a few bumps in the road. The rooted U.S tension towards Taiwan (within the context of relations with

¹ <https://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780198777854.001.0001/oxfordhb-9780198777854-e-16>

China) may be traced back to the war against communist regimes. Forces led by Mao Zedong pushed Chiang Kai-shek nationalists to flee to Taiwan after the end of World War II. Even then, the Truman administration was convinced that communists would eventually control Taiwan². This was evident in then-president Truman's decision to withhold military aid to nationalists³. However, the Korean War was cause for alarm for the United States, prompting Truman to send the seventh fleet to protect the island⁴. Further measures were taken, especially the signing of a mutual defense treaty between the United States and Taiwan, in addition to aid supplies⁵. Later in 1979, President Jimmy Carter's policy deviated from his predecessors, whereby the United States recognized "the Government of the People's Republic of China as the sole legal Government of China"⁶. This spurred discontent among both sides of the partisanship scale, promoting senators (Joe Biden included) to rectify the 'Taiwan Relations Act'⁷. This act set an important milestone for the United States-Taiwan relations, which would largely justify the U.S attitude towards tensions in that area. It set U.S policy to "consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States"⁸. This law, however, was ambiguous—perhaps strategically—towards whether the U.S will directly engage in defending Taiwan; the U.S only affirmed that it would help the island defend itself, but never that the U.S would defend head on.

Perhaps one must point out the value of Taiwan within this conflict post the second millennium. In recent history, specifically 2001, former president George W. Bush gave permission to proceed for the sales of submarines, warships and anti-submarine aircraft to Taiwan. This was heavily contested by the Chinese government. Months later, Taiwan test-fired anti-missile Patriot defense systems bought from the U.S,

² <https://2001-2009.state.gov/r/pa/ho/time/wwii/107184.htm>

³ <https://china.usc.edu/harry-s-truman-%E2%80%9Cstatement-formosa%E2%80%9D-january-5-1950>

⁴ <http://www.taipeitimes.com/News/editorials/archives/2010/06/30/2003476734>

⁵ <https://academic.oup.com/dh/article-abstract/37/5/971/357720?redirectedFrom=fulltext>

⁶ <https://www.ait.org.tw/our-relationship/policy-history/key-u-s-foreign-policy-documents-region/u-s-prc-joint-communique-1979>

⁷ <https://www.congress.gov/bill/96th-congress/house-bill/2479>

⁸ <https://www.ait.org.tw/our-relationship/policy-history/key-u-s-foreign-policy-documents-region/taiwan-relations-act/>

simultaneously as China was conducted military exercises that simulate an invasion. Throughout the next years, the U.S continued to support Taiwan (agnostic to the leadership in charge). As of 2010, the U.S approved \$6.7bn arms sales to Taiwan, further aggravating China, leading them to suspend military contracts with the U.S. In 1978 the Chinese government adopted a new policy which westerners have referred to as the 'open door policy'. This policy has altered China's development strategy from one based on self-sufficiency to one of active participation in the world market.⁹

Background:

To assert the assumption that neither China nor the United States is likely to go into direct conflict, one must examine the historical approaches (especially within modern history) of both countries. As stated earlier, China's use of force in its intervention is sporadic (since 1949). According to a paper by M. Taylor Fravel¹⁰, China participated in twenty-three territorial disputes yet only used force in six of these disputes. Furthermore, this analysis shows that China has the propensity to concede (or compromise), where it offered concessions in seventeen of its disputes. However, China's interventionist approach has been on the rise—mainly acting as a provocateur as opposed to a more passive approach. Recently, China conducted a military exercise, which simulates sealing Taiwan. At the same time, China's "war games" included a blue and a red team, with the red-team always winning despite having an upper hand in terms of technology. Furthermore, congressional reports from 2018¹¹ noted that Beijing made massive advances in hypersonic weapons, cyber abilities, and space defense. China also tested a hypersonic missile, which is purported to be six times faster than the speed of sound.¹² On the other side of the coin, the US has a long-standing policy of hyper-interventionism, often preferring to rely on internal conflicts (i.e. proxy wars, and race to arms). According to a paper in the Small Wars Journal¹³, the U.S has intervened in pre-existing interstate

⁹ Huan, Guocang. "CHINA'S OPEN DOOR POLICY, 1978-1984." *Journal of International Affairs* 39, no. 2 (1986): 1–18. <http://www.jstor.org/stable/24356571>.

¹⁰ <https://www.jstor.org/stable/30130518>

¹¹ https://www.uscc.gov/Annual_Reports/2018-annual-report

¹² <https://qz.com/1350327/china-tested-a-hypersonic-weapon-the-us-cant-defend-against/>

¹³ <https://smallwarsjournal.com/jrnl/art/the-regularity-of-irregular-warfare>

conflicts, far more so than it has waged war against another state. According to the DNI annual threat assessment report (2021) The Chinese Communist Party (CCP) will continue its whole-of-government efforts to spread China's influence, and Beijing is increasingly combining its growing military power with its economic, technological, and diplomatic clout to preserve the CCP, secure what it views as its territory and regional preeminence, and pursue international cooperation at Washington's expense.¹⁴

The debate over the rise of China is intense. While Chinese leaders have insisted that China is rising peacefully, the leaders and scholars of other countries, especially Western countries, beg to differ. The conflicting views among both the Eastern and Western camps stem directly from their engagement strategies—be it interstate war, or non-invasive means. One should not also disregard the presidential-term effect on relations with China. For instance, President Biden has engaged with Xi Jinping in the past during the former's tenure as vice president. However, later, as Biden became president, the nature of the relationship changed resulting in consistently stagnant engagements from both sides, which yielded no tangible change (or agreements)¹⁵.

Essentially, while the U.S does not have interests in, say, civil rights in China, it does have interests in Taiwan. Therefore, the threat of a looming war maybe well be leverage used by the U.S to justify the change in tone against China. Jinping's involvement does not signal peace either. Recently, the Chinese official has been more vocal about the potential of using force in Taiwan, stating, "We do not promise to renounce the use of force and reserve the option to use all necessary measures"¹⁶.

Overall, the next sections will outline in detail the risks that each of the U.S and its allies would undertake in considering a direct conflict against China and *vice versa*.

¹⁴ <https://www.dni.gov/files/ODNI/documents/assessments/ATA-2021-Unclassified-Report.pdf>

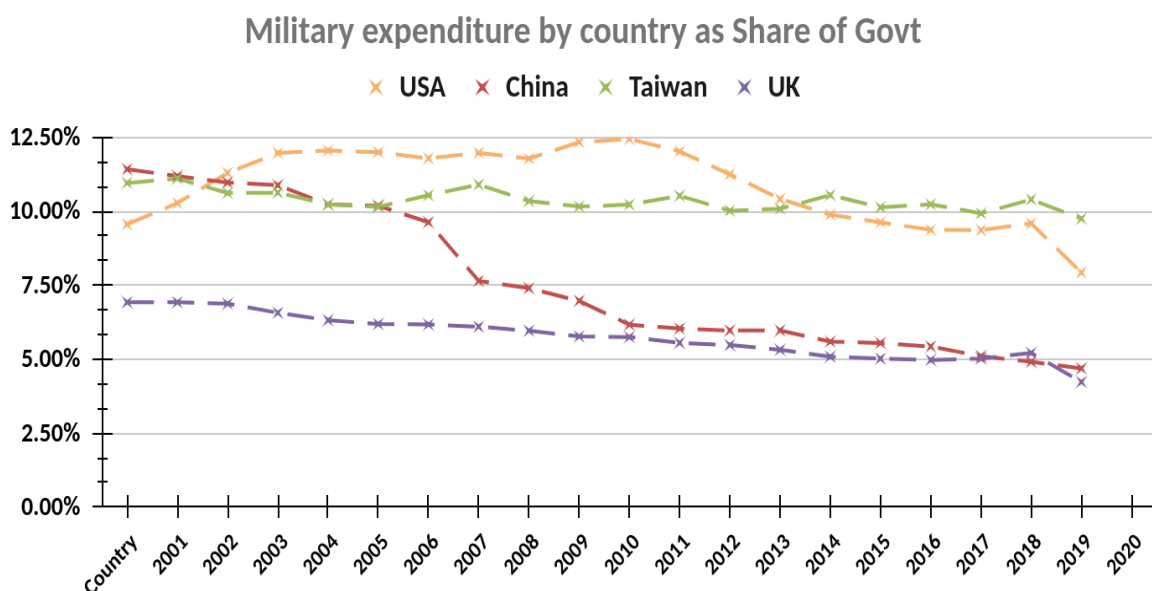
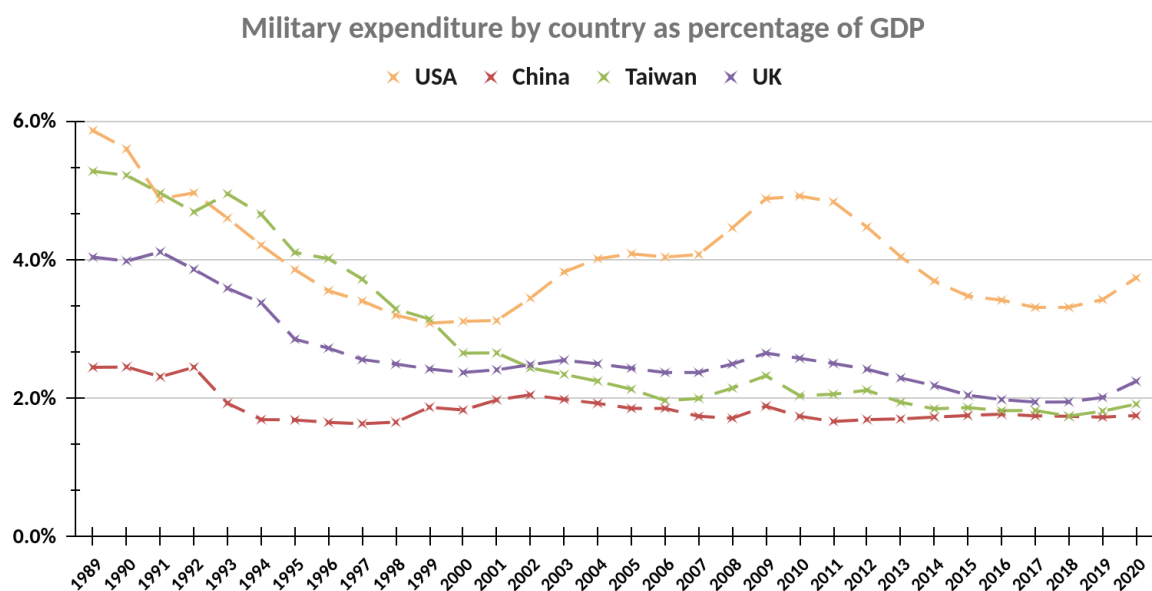
¹⁵ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/16/readout-of-president-bidens-virtual-meeting-with-president-xi-jinping-of-the-peoples-republic-of-china/>

¹⁶ <https://www.reuters.com/article/us-china-taiwan/chinas-xi-threatens-taiwan-with-force-but-also-seeks-peaceful-reunification-idUSKCN1OW04K>

Military expenditure & capabilities:

China has invested considerably in the modernization of its arms industry since the 1960s, particularly since 1999. One aim of this has been to become self-reliant in the production of advanced weapons and technologies for its armed forces, motivated by China's security assessments and its modernization goals of 2020, 2035, and 2049¹⁷.

The charts below show the ever-increasing of military expenditure among the four countries involved in the last escalation in the South China sea.



¹⁷ https://www.sipri.org/sites/default/files/2020-01/sipriinsight2002_0_0.pdf

At the 19th Party Congress of the CCP in October 2017, Chinese President Xi Jinping affirmed, "inheriting the red gene and taking on the important task of strengthening the army" ¹⁸

Furthermore, five Chinese companies ranked in the 'SIPRI Top 100' arms-producing and military services companies in the world (2020) ¹⁹:

- 1- NORINCO: ranked (7) out of 100 companies, with arms sales 17930 million dollars.
- 2- AVIC: ranked (8) out of 100 companies, with arms sales 16980 million dollars.
- 3- CETC: ranked (9) out of 100 companies, with arms sales 14610 million dollars.
- 4- CASIC: ranked (12) out of 100 companies, with arms sales 11870 million dollars.
- 5- CSGC: ranked (20) out of 100 companies, with arms sales 5360 million dollars.

Sector Breakdown of China's 10 Major Arms Companies ²⁰

Type	Company
Aerospace/	Aero Engine Corporation of China (AECC)
	Aviation Industry Corporation of China (AVIC)
	China Aerospace Science and Industry Corporation (CASIC)
	China Aerospace Science and Technology Corporation (CASC)
Electronics	China Electronics Technology Group Corporation (CETC)
Land Systems	China North Industries Group Corporation (NORINCO)

¹⁸ Xi Jinping: Decisive Victory to Build a Well-off Society in an All-round Way and Win the Great Victory of Socialism with Chinese Characteristics in the New Era——Report at the 19th National Congress of the Communist Party of China: http://www.gov.cn/zhuanti/2017-10/27/content_5234876.htm

¹⁹ Source: SIPRI Arms Industry Database, Dec. 2021.

²⁰ Source: China State Administration for Science, Technology, and Industry for National Defense; SIPRI.

	China South Industries Group Corporation (CSGC)
Nuclear	China Academy of Engineering Physics (CAEP)
	China National Nuclear Corporation (CNNC)
	China State Shipbuilding Corporation (CSSC)

Economic (trade relations, export & import)

In 2020, China GDP was an estimated \$14.9 trillion (current market exchange rates); real GDP was up by an estimated 1.9 percent; and the population was 1.4 billion.²¹

U.S. goods and services trade with China totaled an estimated \$615.2 billion in 2020. Exports were \$164.9 billion; imports were \$450.4 billion. The U.S. goods and services trade deficit with China was \$285.5 billion in 2020.²²

In October 2021, retail sales in China grew just 4.9 percent over the previous year, well below pre-pandemic levels.²³

On first on August 2019, former President Donald Trump announced that he would impose a new 10% tariff on another \$300 billion of Chinese goods starting on 1 September 2019. In order to retaliate against the new tariffs, the Chinese government decided to devalue the yuan below 7 per U.S dollar – the weakest rate since 2008²⁴.

The Belt and Road Initiative (BRI), which was initially called ‘One Belt, One Road (OBOR)’, is an indispensable part. This audacious, ambitious plan was proposed by China's President Xi Jinping in his speech at Nazarbayev University in Astana, Kazakhstan, in 2013. The BRI is comprised of two main parts. The Belt is the Silk Road Economic Belt,

²¹ Source: IMF

²² The Office of the U.S. Trade Representative: <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>

²³ <https://chinapower.csis.org/data/>

²⁴ The rise of China and its impact on East Asia: a case study of territorial disputes in the South China Sea, Trong Chinh Nguyen. 2020.

referring to the overland corridors connecting western China to Central Asia and Europe (Population and Development Review, 2017). The Road refers to the 21st Century Maritime Silk Road, which aims at linking China to Southeast Asia and the Middle East by building sea-lanes from the main ports of many countries.²⁵

The economic relations between the United States and China will play a major part in determining future tension-based actions. The US imports from China totaled \$434.7 billion in 2020²⁶, and is estimated to be at a monthly value of \$48bn (Oct 2021). In addition, China is the United States' top trading partner²⁷ in terms of China to U.S imports at a value of \$452bn. To highlight the growing tensions, the Chinese direct investment in the U.S decreased from \$200bn to \$112bn from mid to the end of 2019.

Political (coalitions, relations, crisis with neighbors)

Surveys revealed that the majority of the U.S. public views China negatively and believes by a wide margin that it is the country that poses the greatest challenge to the United States (54%, followed by Russia at 22%). Technology competition is the greatest concern, with over two-thirds of thought leaders in the United States, Asia, and Europe supporting a ban on Huawei and other Chinese firms from their 5G telecoms markets²⁸.

The CCP strategic vision all relies on the all-around diplomatic layout that has been launched in depth. They will comprehensively promote major-country diplomacy with Chinese characteristics and form an all-round, multi-level, and three-dimensional diplomatic layout, which has created good external conditions for my country's development. Implementing the "Belt and Road" initiative, initiated the establishment of the Asian Infrastructure Investment Bank, the Silk Road Fund, the first "Belt and Road" International Cooperation Summit Forum, the APEC Leaders' Informal Meeting, the G20 Hangzhou Summit, the BRICS leaders' meeting in Xiamen and the CICA summit. The CCP's proposed intent is

²⁵ The rise of China and its impact on East Asia: a case study of territorial disputes in the South China Sea, Trong Chinh Nguyen. 2020.

²⁶ <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>

²⁷ <https://ustr.gov/countries-regions>

²⁸ <https://chinasurvey.csis.org/>

to advocate the construction of a community with a shared future for mankind and promote the reform of the global governance system. It rests on the assumption that China's international influence, appeal, and shaping power have further improved, making new major contributions to world peace and development.²⁹

China views the BRI as vitally important in securing its borders on the Asian mainland. It has land borders with 15 nations, including unstable states such as Afghanistan and nations seeking new partnerships in opposition to the US, such as Russia. Belt and Road investments are viewed as a way to facilitate China's 'periphery diplomacy' – trade and infrastructure partnerships with the countries along this enormous land border.³⁰

Technological advancements:

China has appeared on the world stage technological advancements, particularly in terms of cyber warfare. As the global landscape changes, there is less reliance on traditional warfare, and more reliance on remote malware attacks with results ranging from minimal risk to existential threats. In July of 2021, the UK, among allies accused China of engaging in attacks that affected 250,000 organizations relying on Microsoft software. This was met by constant denial from China, even prompting Jinping to officially deny involvement during remarks made at the White House in 2015³¹.

The modus operandi for China's demonstration of cyber capabilities appears to be subtle, yet bold. To showcase their growing cyber arsenal and readiness, China hosts the "Tianfu Cup competition in Chengdu". What started as a simple 'bug-bounty' conference has grown into a medium for the Chinese government to gauge the available exploits found by Chinese hackers. As such, the Chinese government prohibited researchers from participating in international bug bounty programs,

²⁹ Xi Jinping: Decisive Victory to Build a Well-off Society in an All-round Way and Win the Great Victory of Socialism with Chinese Characteristics in the New Era——Report at the 19th National Congress of the Communist Party of China: http://www.gov.cn/zhuanti/2017-10/27/content_5234876.htm

³⁰ <https://www.chathamhouse.org/2021/09/what-chinas-belt-and-road-initiative-bri>

³¹ <https://obamawhitehouse.archives.gov/the-press-office/2015/09/25/remarks-president-obama-and-president-xi-peoples-republic-china-joint>

limiting them to only participate in China³². This was a fruitful decision for China as the portfolio of cyber exploits yielded significant threats such as the exploitation of iOS devices, often hailed as secure. These exploits were put to immediate use against the Uyghur population³³.

The Chinese cyber threat is not confined to information and intelligence collection; in fact, the U.S government documented Chinese attempts at disrupting existing infrastructure. The U.S Cybersecurity and Infrastructure Security Agency reported that Chinese state affiliated entities conducted intrusion operations against oil pipelines³⁴. The same agency issued a warning to front-line COVID-19 workers due to Chinese attempts at intrusion and device access³⁵.

Such attacks are not limited to the United States. Taiwanese officials stated that they face millions of monthly cyber-attacks, half of which are believed to come from China³⁶. Furthermore, Taiwanese officials stated that Chinese-government targeted 10 Taiwanese government agencies and gained access to 6,000 email accounts of officials³⁷.

More often than not, China engages in both mass and targeted attacks. For the latter, perhaps the most prominent example is the use of “intelligent viruses”. An example would be the use of a virus that reads the information of a computer, and once it determines that the device is Japanese, it wipes the hard drive, replacing it with garbage data³⁸. At the same time, China also engages in sleeper attacks, whereby malware is installed during peacetimes for passive information collection, only to be used for more destructive purposes when needed³⁹.

³² <https://www.cyberscoop.com/pwn2own-chinese-researchers-360-technologies-trend-micro/>

³³ <https://www.apple.com/newsroom/2019/09/a-message-about-ios-security/>

³⁴ <https://cisa.gov/uscrt/ncas/alerts/aa21-201a>

³⁵ <https://www.cisa.gov/publication/fbi-cisa-psa-prc-targeting-covid-19-research-organizations>

³⁶ <https://www.france24.com/en/live-news/20211110-taiwan-government-faces-5-million-cyber-attacks-daily-official>

³⁷ <https://www.cyberscoop.com/taiwan-china-hacking-apt40/>

³⁸ <https://chinadigitaltimes.net/2007/10/can-a-computer-virus-be-patriotic-zhang-dongfeng>

³⁹ <https://www.theepochtimes.com/author-suman-srinivasan>

Conclusion:

While the threat of engagement may be looming, pre-existing dynamics point to multiple deterrence factors against a direct conflict between the U.S and China. Nuclear deterrence plays a key role in preventing interstate war, and so do the rapid expansions and developments in military strategies and technology among both parties. Nonetheless, the escalation is likely to continue, yielding further diplomatic, economic, and other tensions. The important distinction is that traditional warfare among these states—or even proxy wars—are not as viable as cyber warfare and dominance in international institutions, venues, and alliances.

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