China's Response to the Deadly Triangle: Arms Race, Territorial Disputes and Energy Security

You Ji

The South China Sea has been quiet for a few years. However, since the end of 2008, a new round of sovereignty disputes has emerged, as some of the disputants redefined their maritime territorial baseline against the opposition of other claimants. Although they were motivated by a request from the United Nations, it has damaged the recent efforts by all stakeholders to avoid worsening conflicts. In the meantime, various forms of non-traditional security challenges have become entrenched, such as piracy and maritime terrorism that pose threats to the safety of sea lanes of communications (SLOCs). At the root of the territorial disputes is the issue of the structural shortfall of energy supply in the majority of the regional countries. This further consolidates the impasse of the sovereignty clash. In response, all the implicated parties have been enhancing their military strength in general, and naval capabilities in particular. As a result, a deadly triangle is emerging visibly. Territorial disputes, the shortage of energy supply and challenge to the safety of the SLOCs are intertwined to drive an upward arms build-up. Each is embedded in another and reinforces the other two. Kent Calder characterised the East Asian security environment with the term *deadly triangle* to depict the relationship among economic growth, energy shortage and armaments.[1] The current situation just testifies this characterisation. In this triangular process, China has been a key player, given its economic and military

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might, although it does not behave any differently from the other claimants. This paper explores how Beijing responds to this dynamic process.

The Dynamics of Asian Arms Build-up

In a way, all the Spratly claimants have exercised restraint against tension escalation. The energy shortage has been helped by the international supply. The Asian arms build-up is, however, not subject to any institutionalised mechanism of management. Thus, it constitutes a key security challenge, expressed in the form of an upward spiral. Although regional security experts are still debating whether this military build-up has already evolved into a race, they do not disagree over the fact that the trend is pointing to such a direction. Now, the signs of the race are getting increasingly clearer, and its momentum is taking shape and may result in regional instability.[2]

Arms Build-up and Regional Order Restructuring

The Asian arms build-up has a structural cause: the global and regional order is undergoing tremendous alteration due to the rise of China, Japan and India.[3] China and India seek a greater say in international affairs. Japan is transforming into a normal state, normal defined as possessing great international influence backed by effective military capabilities.[4] The core of this order restructuring is the rivalry among the major regional powers to attain a more prominent leadership role amidst the changes in their hierarchical positions in the regional order.[5] When this race for power is embedded in other geo-strategic factors such as territorial disputes and competition for new energy sources, the thirst for better arms is naturally magnified. Despite its reluctance, Beijing has been at the centre-stage of this contention, due to the uneven pace of the rise of the major powers. This has stimulated it to adopt a proactive, parity-based hedging strategy against the uncertainties in the order transition. For instance, Australia's 2009 *Defense White Paper* identifies China as a driving force for the change that may result in escalating and unpredictable strategic competition.[6] Canberra's response is typical, swift and long-term-based—increase military spending and acquire more offensive weapons systems. Obsession with

balance or parity rekindles a Cold War type security dilemma for all the major parties in the region.

The view that arms build-up stimulates regional tension is logical but it may put the horse in front of the cart. The tension is fundamentally due to geo-political causes and reflects the structural power rivalry. Military build-up is just the symptom of a deeper power game. Yet when this build-up becomes open-ended, it will certainly perpetuate the power rivalry and deepen the tension, as proved by the Cold War race. An uncontrollable arms race would acquire logic for further expansion or a life of its own for capability parity dictated by the security dilemma.[7] The changing balance of military power will, in turn, accelerate the restructuring of the regional order, with uncertain consequences.

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Dynamics of "Geese Formation" and China's Catch-up Efforts

The dynamics of the Asian arms competition is rooted in military imbalance. The US and its allies enjoy clear superiority and they are determined to maintain it against any challenger.[8] This drives other nations with potential conflicts with the US to foster a catch-up mentality, especially the Chinese who have to factor in US involvement in a Taiwan war.[9] The efforts to rectify the excessive power inferiority compels Beijing to devote more resources for military transformation, with a double-digit increase in the defence budget since 1989. Literally, China's catch-up strategy has facilitated a "flying geese formation" type of arms build-up in Asia.[10]

In this V-shape formation, the US sets the pace and direction for a forward movement, followed by China, Japan, India, Australia, Korea and some Association of Southeast Asian Nations (ASEAN) countries. The US' forward deployment in the Far East propels the region to ever uplift the bar of arms modernisation. Its allies need to acquire advanced technology constantly in order to keep abreast with the progress of US weapons technology, which helps them maintain a "knowledge edge" through their privileged access to the US defence network.[11] Taiwan, too, could have a place in the upper tier of the "geese formation" because of its procurement of US weapons. As a result, the adversaries of the US never feel secure if they are left too far behind.[12] Constant modernisation is the only way for them to stay in the "geese formation".

In a way, US military dominance and the potential for China to achieve military superiority over its neighbours are the drivers for the "geese formation" to move forward. Taiwan's independence may lock them in a war either wants to fight.[13] Yet, given their huge technological gap, there does not exist an arms race between them, as China is not seeking parity with the US. Rather than engaging in an overall catch-up endeavour, China is selectively prioritising its weapons programme for conducting effective asymmetric warfare.[14]

Below the "leading goose," other major powers do engage in a parity-seeking race. Japan occupies a key place in the "geese formation". It is the most sophisticated military power in the region. Military preponderance is essential for Japan's search of a major power status in world affairs. China's rise presents Tokyo an increased need for a gradual but substantial military build-up under a quiet strategy of balance of power vis-à-vis China.[15] The two countries, more notably Japan, have not yet reconciled with the fact that for the first time in a century, they are both strong. Their peer competition generates a spring-off effect on other major powers.

In the Korean Peninsula, the military imbalance sustains an arms build-up. The South continues to enjoy qualitative preponderance over the North that has more troops. This pressure stimulates the North to carry out a tailored arms programme of mass destruction against the South. Again, the North/South confrontation is not literally in the form of an arms race, given the vast difference in economic strength between the two parties. The North seeks a cost-effective way of deterrence based on its nuclear and missile programme. The North's nuclear and missile capabilities are exaggerated. Yet the potential danger is there for the region to be alert.

The Action-Reaction Feature and the Naval Focus

Asia's arms build-up has acquired an action-reaction feature that has served as a concrete indicator of this arms spiral moving in the direction of an arms race. And due to the maritime conflicts being considered as the most likely scenario of war, the arms build-up has an obvious naval focus. In Southeast Asia, this action-reaction feature is not yet entirely clear but clearly it is centred on naval modernisation. In Northeast Asia, the pattern of the arms race may have already become irreversible. Since the two regions are deeply linked by trans-regional territorial disputes and by crucial SLOCs, the arms race in Northeast Asia will gradually spread to Southeast Asia and propel the ASEAN states to upgrade their arms. The cause and result of this connection may drag Southeast Asia into the

"flying geese" and embed it in a dynamic process.[16] Beyond the two regions, this contagious trend has implicated Australia and the major powers in South Asia.[17] India will have one of the most powerful navies in Asia with the unfolding of its programmes to acquire nuclear submarines and new carriers. In turn, the vigorous arms transformation there would further impact on East Asia. As pointed out by Chinese and Australian defence experts, Australia's persistent force enhancement will escalate the arms race in East Asia. In fact, the shared mentality of hedging against future security uncertainties between Australia and the East Asian states may just translate a threat perception into action along the lines of weapons upgrading.[18]

War preparation identifies specific types of combat engagement and dictates specific weapons systems that enhance the action-reaction dynamics.

Arms Build-up Oriented Toward War Preparation

Behind the action-reaction focus is an unpleasant reality: the upward spiral of arms build-up is not for general peace-time military transformation driven by the world's routine technological progress. Nor is it a simple outcome of economic development, although it is linked to economic growth. This round is much more action-reaction focussed, driven by war preparation. Countries procure specific weapons systems to cater for specific scenarios of armed conflicts, typically in the West Pacific and Indian Ocean. This nature of arms build-up will be more difficult manage, despite the regional efforts for preventative diplomacy.[19] So far, the regional institutions appear to be strong enough to weather the impact of this round of build-up but the mechanism of conflict resolution is still very weak.

War preparation identifies specific types of combat engagement and dictates specific weapons systems that enhance the action-reaction dynamics. At the strategic level, the recent weapons programmes are listed below:

- *Vigorous space race*, e.g., the lunar exploration efforts by Japan's *Kaguya*, China's *Changer* and India's *Chandrayaan*.
- *Nuclear deterrence*. China in search of reliable second strike capabilities versus the US; India strengthening its nuclear forces versus China and Pakistan; Japan on the nuclear threshold vis-à-vis North Korea's nuclear threat and possibly against China's nuclear deterrence.

- *Missile and missile defence initiatives.* China, the two Koreas, India, Japan and Australia are all trying to sharpen their missile strike or missile defence capabilities.
- *Aircraft carrier projects.* India's plan to build three carriers; China, two or three; Japan, four helicopter carriers; and South Korea, two helicopter carriers.
- *Nuclear submarines.* India's plan for five advanced technology vessels (ATVs) and China 12+ modernisation project.
- *In-flight refuelling tankers.* China, Japan, India and South Korea to boost the range for offensive power projection capabilities.

The naval focus of the action-reaction arms build-up comprises:

- *New strategic and forward naval bases and basing accesses* (China's strategic naval base in Hainan, capable of docking nuclear submarines and, potentially, carriers; Japan's new base in Okinawa, capable of deploying new submarines and combat aircraft; and India's new naval bases along the Indian Ocean).
- *Area air warfare destroyers* (Australia, China, Japan, Korea and India).
- *Modern attack submarines* (Australia, Japan, India, China, South Korea, Indonesia, Singapore and Vietnam).
- *Enhanced anti-submarine warfare (ASW) assets* (Japan, India, South Korea and China).
- *Stressing information technology-revolution in military affairs (IT-RMA) and information warfare (IW) capabilities, such as command, control, communications, computers, intelligence, surveillance, reconnaissance (C4ISR) architectures and battlefield management systems.*

All the major Asian powers seek to realise a strategic goal of acquiring true blue water capabilities in the next few decades.

Trend of Naval Transformation: China

China is positioning the PLA Navy (PLAN) as a regional navy with long range power projection capabilities. *Regional* defines the nature of the navy, as it would confine its activities mainly in the West Pacific, not global.[20] In order to protect SLOC safety, the PLAN identifies the Indian Ocean as a future zone of activities but this is not the task of the present. The navy now takes a defensive offence posture, responding to a crisis outside the region only when the country's vital

national interests are in jeopardy. On the other hand, this notion of a regional navy is not only a geographic one but also a national security one, with emphasis on China's territorial and economic security.[21] As China's national interests expand in keeping with the expansion of its economic activities, a new emphasis has been placed on SLOC safety which means to project a naval force capable of operations beyond the Pacific, as demonstrated by the PLAN's Somalia escort task.[22]

The new security situation in the oceanic directions demands that the PLAN transform its force accordingly. In the 2000s, China has implemented the 18 New Ship Programmes that introduced seven new domestically-made third-generation destroyers and eight new frigates. Together with four Russian destroyers and over 20 new submarines, a true blue water navy is in the making, although there are persistent weaknesses in the PLAN, such as weak ASW capabilities and anti-air capabilities. With deepening restructuring efforts, the PLAN is beginning to form a few deep ocean expedition fleets.[23]

The Challenge of Maritime Territorial Disputes

The naval expansion of the regional countries mentioned above is organically linked to their efforts to handle territorial disputes in the East and South China Seas that always have a military dimension. For instance, the PLAN must conquer a distance as long as 1,500 km that requires comprehensive blue water capabilities for area air defence, anti-submarine warfare and sustained logistical operations. The new weapon systems acquired by South Korea and Japan also feature preparation for potential naval conflicts due to the ownership disputes over the Dokdo/Takashima Island in the East China Sea. Yet, among all the sovereignty disputes in maritime Asia, the Spratly disputes represent the most explosive and enduring source of security hazard.[24] There are a number of reasons for the disputes to become entrenched, as given below.

Nexus of Sovereignty Disputes and Resources

A good proportion of sovereignty disputes in the East and South China Seas originated in the discovery of natural resources found in the seabed there in the 1970s. Since then, amidst several rounds of energy crises, the oil and gas reserves in the East and South China Seas seem to have presented a big pie, up for grabs. According to the Chinese surveys, there are over 200 oil and gas-bearing structures, with oil deposits estimated at about 23-30 billion tons.[25]

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Nexus of Sovereignty Disputes and Militarisation of the Claims

One of the obstacles for setting an effective and legally abiding mechanism of conflict management is militarisation of the occupied islands whose fortification has rendered the nature of the disputes more military than diplomatic. Even though the claimants seek political solutions, the military occupation would greatly complicate the process and outcome. In recent years, the level of militarisation in the South China Sea has risen. Now a number of the occupied islands have airstrips capable of landing and taking off of combat aircraft and military transports [Pagasa (Philippines); Taiping and Dongsha (Pratas, Taiwan); Xisha (Paracel, China)]. Some islets have been turned into IW stations to collect navigation information of passing civilian and naval ships, observe their movements and store their electronic signals. The soldiers also record climate and tidal changes; expel fishing boats in the nearby areas, often with disproportional force; and protect resources extraction activities of their countries. The list goes on. Military activities in the disputed areas always present the danger of conflicts and make confidence-building efforts subordinate.[26]

Nexus of Sovereignty Disputes and Domestic Politics

Sovereignty disputes have been linked to the internal politics of the claimants. This is especially so the case in the countries with election cycles during which period the sovereignty issue becomes a rallying point for manipulating public opinion. Then, the rising nationalism in the disputing parties often hijacks the leadership initiative to reduce the intensity of the tension. East Asian societies are going through dynamic economic and social change. The challenge is that their political transformation or democratisation takes place well before the nation-building process is complete. Party politics and election cycles often generate nationalist international behaviour. Sovereignty disputes become a convenient tool to arouse populism that may poison the atmosphere for a negotiated settlement. Other parties in the

dispute become victimised in this process. Yet, since this populism indeed helps the initiators in terms of domestic politics, it will be used continuously in the future.

Cautious Optimism Over the Territorial Dispute

On the other hand, not all the news is negative about the disputes in the East and South Seas. In the East China Sea, China and Japan have agreed to shelve their disputes and seek ways of joint resources development.[27] After some clashes in 2006/07, Japan and South Korea have moved to deescalate their territorial conflict. In the South China Sea, a relatively stable consensus has been in existence among the six claimants that aggressive military activities should be avoided at all cost. And this political commitment is being institutionalised through a number of formal and informal treaties initiated by the ASEAN states and other stakeholders, e.g., Declaration of Conduct among Parties in the South China Sea (2002); Joint Declaration of ASEAN and China on Cooperation in the Field of Non-Traditional Security Issues (2002); ASEAN Treaty of Amity and Cooperation. The subjective and objective factors start to converge to create a positive environment for conflict prevention.

An important reason for us to be optimistic about the Spratly situation is the simple fact that only a few islets are available for grabs. If we look at the pattern of occupation of the Spratly Islands, one particular feature emerges: no occupation has been achieved through ejecting other claimants from their occupied islands. Understandably, almost all the occupation acts took place in non-inhabited areas. Occupation by ejecting others can only be done through military action. The stake and cost would be so high that no country has attempted it so far. This pattern has helped to confine the tension within a relatively predictable limit. Now, all the unoccupied atolls in the Spratlys become submerged in a high tide. In addition to diplomatic troubles that an armed occupation would entail, the strategic value for further action is in doubt. The map of occupation has virtually remained unchanged since the mid-1990s. This proves that the thesis of creeping occupation is unfounded.[28]

The second factor is the difficulty for any claimant to initiate armed conflict in the Spratlys. The cost is also enormous, in both diplomatic and financial terms. China is over 1,100 km away and a distance of over 300 km separates the coasts of Vietnam and Philippines and the Spratlys. Military operations are hard to mount from such a distance, even for the PLAN that is still weak in air defence, anti-submarine warfare and logistical supply. Under unique circumstances, such

as an attack by another claimant, sea battles are imaginable, but the chances are extremely remote.

The subjective factors may have played an even more important role in stabilising the situation in the South China Sea. The core of these factors, as mentioned earlier, is the claimants' collective resolve to prevent serious confrontation in the Spratlys. This has been channelled into institutionalised mechanisms of crisis management in the treaties mentioned earlier. Sure, these treaties are not legally abiding. Yet, as far as the most threatening aspect of the disputes is concerned, namely using force to settle disputes, the signatory parties have positively observed the spirit of the treaties. More importantly, the pressure would be high if any party violates its treaty obligations by taking unilateral action against other parties. This has underlined why the South China Sea is no longer talked about as a major security concern.[29]

The media has exaggerated the severity of the recent round of the sovereignty dispute. There is a great deal of subtlety in reiterating claims mainly for domestic consumption and for preparation of military actions. The former is largely rhetorical and unlikely to trigger tension escalation beyond certain limits. The current round clearly belongs to the first category. People who know about the real situation have dismissed the prospects of another period of tension, similar to that in the early 1990s.[30]

China's Spratly Strategy

It is widely held that China bears primary responsibility in preventing armed conflicts in the South China Sea, since it is the strongest military power and has better capability than the other claimants.[31] There is an element of truth in this statement. However, it ignores the fact that China is the later-comer in positioning its presence in the South China Sea. When it made the first move in 1988, most of the other claimants had largely completed their occupation. For instance, by 1975, Vietnam had taken 15 islands, doubling all the shoals China possesses today. China's approach has been basically reactive. Rightly or not, when a latecomer responds to acts previously taken by others, it may be unavoidable that a level of force is used, but China did not behave any differently from the other claimants if one takes an objective view on this. In 1988, the PLAN did not fire the first shot vis-à-vis the Vietnamese troops.[32] Having said this, China's attitude toward the overlapping disputes and its approach toward dispute resolution would have a decisive bearing on peace and stability in the South China Sea.[33]

In the early 1990s, Deng Xiaoping made the final decision to handle the South China Sea dispute through negotiations. This decision was conveyed to ASEAN by Li Peng when he visited Southeast Asia in 1993. The essence of this decision is later known as "shelving disputes in favor of joint development".[34] The military aspect of this policy is one that can be characterised as a "strategy of constraints". One example of this is that originally the PLAN planned to establish "section control" in the Spratlys which would broaden China's current scale of presence. In considering the ASEAN response to this "enlarged occupation", the civilian government finally settled on "point control" only.[35] This decision virtually froze Chinese presence, except for one move on the Meiji shoal in 1995, but no further action ever since. Chinese defence planners debated whether China should sign the ASEAN Treaty of Amity because once China put its signature on the document, it would amount to giving up the option of using military means to recover the lost territories. Yet Beijing did not waver. Specifically, China's strategy of constraint can be analysed by the points listed below.

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The Limited Objective of Presence

Concretely, this is best characterised as effecting a naval *presence* in military terms, which, in turn, creates a form of *fait accompli* in legal terms. A foothold in the South China Sea was of strategic importance for China, as it established the country's relevance in negotiations. And as a sovereignty statement, a presence had to be obtained at any cost. Yet the question of how large a presence is needed may have mattered less than the presence *per se*. If the presence were too large, meaning more naval actions, it would backlash against China's overall diplomatic interests. The balance was, thus, struck accordingly. This is a military matter subordinate to politics and legal guidance.

Limited Tit-for-Tat Responses

Often, the other claimants initiate various kinds of diplomatic, economic and military actions in the disputed areas, such as exploration of mineral resources or expelling fishing boats. China selectively follows suit under its crisis management

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guideline of "on just ground, to our advantage and with constraints".[36]

Not to be Dragged into a Two-Battle Scenario

China's Spratly policy is part of its overall national security strategy and is, thus, subject to a broader geo-strategic calculus. In the hierarchy of priorities the Spratly challenge ranks below the Taiwan challenge. In order to concentrate national strength on dealing with the more urgent security threats and Western pressure, Beijing willingly adopted a status quo-centred Spratly strategy aiming at crisis aversion. Logically, cooperation with ASEAN becomes the policy focus.

Challenge of Energy Security and Transportation

One pressing geo-strategic challenge to the Asian countries is their heavy reliance on imported natural resources, especially crude oil, and on the safety of the seaborne transportation (SLOCs). This constitutes a powerful driver for their military build-up. More importantly, SLOC safety makes the territorial claims entrenched, and any negotiated settlement even more difficult to achieve. The nexus of economic security and national security stimulates the major Asian powers to formulate policies based on worst case scenarios. For instance, one country's foothold in the South China Sea is not just physical presence for supporting a legal claim but also for protecting its SLOC security. The stake is higher.

Structural Energy Shortfall: A Lasting Security Challenge

Oil as one of key energy resources is intimately linked to Asian economic growth and social stability.[37] Generally speaking, the challenge is seen in the following categories. First, it is structural, as reflected by Asia's rising gap between supply and demand. Second, oil shortage will worsen the ecological situation in Asia. For instance, China has to rely more on the use of coal and, thus, increases emissions, with a regional impact. Third, as more of Asia's oil tankers and commercial ships pass the choke points of the global oceans, it will become more vulnerable to any expected or unexpected incident, such as the potential blockade in the narrow passes in the Pacific and in the Indian Oceans, and major terrorist attacks. The fourth challenge is the unpredictable situation concerning

the major oil producing countries, especially those in the Middle East.[38]

China is under tremendous pressure to source energy overseas and get it back home. Its extractable oil per capita is only 2.6 tons, or 11 per cent world average. It is the 3rd largest net importer, with 50 per cent of its oil consumption imported in 2007. By 2010 it will import over 160 million tons of crude and its dependency rate will gradually rise beyond 60 per cent around 2020. The challenge is structural with no easy solutions and will even worsen. For instance, were China to import oil accounting to 400 million tons a year by 2020, as predicted by the International Energy Agency (IEA), it would absorb the bulk of the Organisation of Petroleum Exporting Countries' (OPEC's) surplus production capacity and alter the existing global supply/demand structure.[39]

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SLOC Safety and the Malacca Strait Dilemma

All the top Asian economies are greatly dependent on the SLOCs for their economic well-being. Seventy per cent of China's exports and imports are seaborne as compared to Japan's 95 per cent and Korea's 80 per cent. Energy transportation comprises a big proportion of it and is also strategically linked to the countries' national security in that safe shipment is a key factor of economic security.[40] This inevitably touches upon the issue of SLOC safety. President Hu Jintao's remark of the "Malacca Strait dilemma" vividly captures the nature of the SLOC challenge to the region's maritime security. The difficulty of dealing with this challenge is that it is integral to geo-politics and subject to complicated major power relations. SLOC safety is at once a non-conventional security challenge and a military one that may trigger sizeable maritime conflicts. China has designed counter-measures to cope with challenges through enhancing its naval capabilities and measures of diplomacy.

Short of major power confrontation, the endeavour to protect SLOC safety is not a zero-sum game. In Asia, despite the territorial disputes and historical animosities between the major players, all the countries have committed to avoiding acts that would disrupt shipment. As the stakeholders, they have recognised that multilateral cooperation is the best way to deal with the SLOC

challenge. China as the most important user of the region's waterways has adopted diplomacy to help stabilise the global SLOC situation. Specifically, the features listed below comprise China's SLOC diplomacy.

First, China's strategy to deal with the SLOC challenge is two-pronged: (1) seeking cooperation with the littoral states, especially with ASEAN, to deal with the Malacca dilemma; and (2) gradual acceleration of the naval build-up, catering for the SLOC missions. In the view of Chinese strategists, cooperation is the best short-cut for the country to enter the Indian Ocean. The military option is a non-option in protecting a route as long as 8,000 nautical miles (nm).[41] Therefore, the first feature is the mainstay policy thrust and is being pursued proactively. The second is more of a hedging strategy pursued in a balanced manner. In a way, this conforms China's new security outlook: seeking power not for domination but for enhancing security, best achievable through the cooperation of the nations involved.[42]

To this end, in June 1996, Beijing announced in the second conference of the ASEAN Regional Forum (ARF) that it would not use force in settling down territorial disputes in the South China Sea. Nor would it threaten the SLOCs there through military means. It has joined a multilateral management committee of the Malacca Strait and financially contributed to its operations. China shares information with ASEAN on piracy and terrorist activities in Asia. While never accepting the idea that the Indian Ocean is India's internal lake,[43] it realises that meaningful cooperation with India has to start with an acknowledgement of India's special interests in the Indian Ocean.

At the same time, China believes that without enough naval strength to back up a policy of cooperation, the SLOC threat cannot be effectively dealt with. In the long term, task fleets centred on aircraft carriers would be formed for ship escort.[44] Before this becomes a reality, submarines as a kind of contingency capability can be employed to handle the transitional vacuum. It is rational to think that lacking the capability to protect one's own oil tankers can be compensated by the capability to disrupt the enemy's. The latter job is much easier. So building a powerful nuclear and conventional submarine fleet may better serve the purpose of deterrence by punishment and at a lower cost than building carrier battle groups. Indeed, although the SLOC challenge has rekindled the Chinese debate on aircraft carriers, the use of nuclear powered attack submarines will be more available in a decade or so. That is one of the reasons why submariners have taken an upper hand over the naval pilots in setting force development priorities for the PLAN.[45]

Conclusion

The deadly triangle of territorial disputes, challenges of energy shortfall and transportation security poses a security threat to peace and stability in Asia and the Pacific. Yet they are geo-strategic factors that will stay for a long time to come. This underlines the cause of arms build-up in the region that accelerates order restructuring in regional international relations. The security environment may even worsen due to the global oil supply/demand structure, the inherent risks in the SLOCs and irresolvable territorial disputes. In response, the major powers have undertaken a policy of dual emphases: political cooperation and military hedging. As far as the second emphasis is concerned, it moves the trend of arms build-up in the direction of an arms race, producing further uncertainties in the relations between the major players. The general situation is not too promising.

Yet the first emphasis offers opportunities for cooperation. All key powers in the game have realised that uncontrollable rivalry, while inevitable, does not lead them anywhere. We have seen regional efforts to construct diplomatic institutions for conflict prevention and management. A momentum is being built up. If the progress can be achieved in a relatively quick manner, it may be capable of containing the eruption of any major confrontation caused by the workings of the deadly triangle. It is not too late for the regional powers to engage in such endeavours of security making.

Notes

1. Kent Calder, *Asia's Deadly Triangle: How Arms, Energy and Growth Threaten to Destabilise Asia Pacific* (London: Nicholas Brealey Publishing, 1996).
2. See, for instance, Des Ball's interview with *the World Today*, "Asia Accelerating Towards Arms Race," *the World Today*, April 13, 2004.
3. On the changing order in the region, see Evelyn Goh, "Hierarchy and the Role of the US in the East Asian Security Order", *International Relations in Asia and the Pacific*, Vol. 8, July 2008.
4. *Yomiuri Shimbun*, November 3, 1994; also Gilbert Rozman, "Japan's Quest for Great Power Identity", *Orbis*, Winter 2002.
5. John Mearsheimer, *The Tragedy of Great Power Politics* (New York, 2001).
6. *Australian Defense White Paper*, released on May 2, 2009.
7. Alan Collins, "The Security Dilemma and the End of the Cold War", *European Journal of International Relations*, Vol. 6, No. 3, 1997, pp. 373–393
8. Obama made it very clear that the US would not become world number two. See his *State of Union Address*, January 28, 2010.

9. You Ji, "The Anti-Secession Law and the Risk of War in the Taiwan Strait", *Contemporary Security Policy*, Vol. 27, No. 2, August 2006, pp. 237-257.
10. This term describes an industrialisation relay in East Asia in the 1950s-70s. The US transferred capital and technology to Japan, taking advantage of the latter's cheap labour. Japan did the same to the four mini-dragons in the 1970s. The relay continued in the 1980s and 1990s involving Southeast Asia and China. The result is a few rounds of rapid industrialisation in the whole of East Asia. We now see a similar geese formation in the military field.
11. Desmond Ball, "The Strategic Essence", *Australian Journal of International Affairs*, Vol. 55, No. 2, 2001, pp. 235-248.
12. This threat perception is implicitly presented by *China's National Defense in 2008, Panel Discussion Report*, Institute for National Defense Studies of US National Defense University, 2008.
13. For an American view, see James Thomson, "US Interests and the Fate of Alliances", *Survival*, Vol. 45, No. 4, 2003-04 p. 214. In China, the voice that a Taiwan war is inevitable with US involvement is becoming louder. See, for example, Chu Shulong, "The Second Sino/US Hot War", in Greg Austin (ed), *Missile Diplomacy and Taiwan's Future* (Canberra: Canberra Paper, 122, the Australian National University, 1997).
14. You Ji, "Revolution in Military Thinking", in Bo Huldt and Masako Ikegami (eds), *China Rising* (Swedish National Defence College and the Finnish Defence University, 2008).
15. Japan is substantially increasing its offensive capabilities. Among the items to be purchased are aerial tankers, Aegis-equipped destroyers, helicopter carriers and AH-64D Apache helicopters.
16. In a race to acquire naval deterrence, for instance, Asia will spend US$ 6 billion on submarines in this decade, an amount surpassing that of the whole of Europe. Noticeably, Vietnam, Indonesia and other small Asian states are determined to acquire advanced submarines for the first time in their military history.
17. Australia will double the number of submarines from 6 to 12, and add seven new advanced frigates.
18. Sam Bateman, "Australian Defense White Paper: What Price Maritime Security", *RSIS Commentaries*, May 7, 2009. A leading PLA strategist Rear Adm Yang Yi also came to a similar conclusion that Australia's arms build-up, excused on responding to China's military modernisation, may just worsen the trend of arms acquisition in Asia. *Huanqiushibao*, May 4, 2009.
19. Preventative diplomacy has been a key area of concern by the CSCAP but little progress has been made, largely due to the imperatives for more arms by the regional states, as far as this author is concerned. Also see the Chair report by the CSCAP Study Group

on "Preventive Diplomacy and the Future of the ASEAN Regional Forum," Bandar Seri Begawan, Brunei, October 30-31, 2007.

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