

US-China Strategic Rivalry in Asia Pacific: Opportunities and Challenges for Regional States

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Abstract

The twenty-first century is the Asian century. The US, the superpower of the world, and China, the rising power are tilting towards the Asia Pacific region. Both powers are engaged in a power struggle to secure their respective national interests in the region. The study aims to analyze the power politics between the US and China, their interests and strategies in the region, and the response of Asia-Pacific states to the US-China rivalry. The opportunities and challenges for regional states due to US-China rivalry and engagement in the region are analyzed in terms of economic, political, and social. The US is utilizing its strategic tools to maintain its sole superpower status, while rising China pursues to enhance its influence, initially in Asia Pacific and then around the globe. Neo-realists propound the thesis that the changing dynamics of the international system urge states to compete with each other. Neorealism rightly explains the US-China rivalry in Asia Pacific. The primary data was gathered from subject experts through an interview questionnaire. The secondary data was collected from books, articles, reports, and dissertations. The results show that the US is hindering the rise of China, and the latter is challenging the former, through building alliances with regional states in the

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economic, military, and social domains. Some of the regional countries are inclined towards the US, and others are prone towards China. Based on the data collected it has been recommended that all countries should maintain a delicate balance between both major powers because in today's globalized world of interdependence, not any state can afford complete disengagement from the other. The great power politics and US-China rivalry will continue for decades to come.

Keywords: Asia Pacific, US-China rivalry, China-Pakistan Economic Corridor, One Belt One Road Initiative

Introduction

In the twenty-first century, Asia Pacific is reclaiming its position as a center of world politics and economy. The US tilt towards Asia Pacific is motivated by a range of factors. The foremost of these factors is to counter the expanding influence of China in the region. The sole superpower of the world is encouraged to intervene in the area due to China's rise, Asia's renaissance, and Asia's re-emergence. Most of the twenty-first-century history will be written in this region, which houses the fastest-expanding economies in the world. There has been a shift in the world's center of gravity from Europe to Asia, particularly Asia Pacific.

The major powers particularly USA and China are forging alliances with regional states. Simultaneously they are countering each other's influence in the region. China began to intensify its Asia policy in the 1990s. China's fastest growing economy forced it to search for natural resources in its neighboring countries in Asia Pacific. In response to China's rising influence

in the region, the administration of President Obama announced the US pivot to Asia Pacific in the year 2011, two years after he assumed the presidency (Khan, 2015). It was made evident that the centre of gravity for American foreign policy, national security, and economic interests is shifting towards Asia. Since then, US and China have been engaged in power politics in the economic, military and diplomatic domain with regards to Asia Pacific. The rivalry between USA and China revolves around subtle multidimensional strategy that combines all areas of policy: military, economic and diplomatic.

On the one hand, there is a sense of positive engagement with the regional states. On the other hand, there is a desire to assert power, territorial claims, and an exploitative attitude towards their engagements (Gong, 2020). So, there is one rising China and sole world superpower USA that want to join the existing international society and work within to reform it. Simultaneously, it seems that they are agitated by the existing international society, and possess a primitive self-fulfilling realist view of how great powers should behave. These two sides of the same coin generate different assessments regarding foreign intervention in the region, from benign to quite threatening. The regional states are taking a diplomatic stance, evading entirely rely on any one side. They are prone towards fulfilling their national interests by cooperating with the two simultaneously. However, if the rivalry escalates in future, the regional states may be forced to join either side, recalibrating alliances altogether.

In recent years China has been actively pursuing strategies to secure its maritime rights and interests in the Asia Pacific region. China's growing influence in the region has been a source of concern for the US and its regional

allies, regarding the sea power that China is developing. China has established a set of priorities under security strategy. Territorial integrity is the foremost concern for China, followed by economic development and then regional and international cooperation. In order to hinder China, US is strengthening defence partnership and economic engagement with its regional partner, India. This is to better equip itself to challenge China and stop its rise. India and other regional allies of US are enhancing their relationship with the US to their own advantage. However, regional countries are extracting opportunities out of US-China rivalry to fulfill their own national interests.

Literature Review

Gaens (2020) reiterates that the world has entered a new era of great-power competition after a brief unipolar post-Cold War interval. USA and China, two major powers of current international system are at the heart of this contest. The relationship between the two in the region has become strained over the past couple of years. This relationship spans from traditional to the geo-economic to ideological domains. US National Security Strategy unveiled in 2017 famously refers to China as well as Russia as ‘revisionist powers’ challenging US not only economically and militarily, but also by exploiting cyberspace and information technology systems. The National Defense Strategy (NDS) came forward the following year in early 2018, offers a similar notion.

Sorensen (2020) reiterates that in mid of 2019, the US government issued Indo-Pacific strategy demonstrating the ways in which Trump administration aims to counter China in the region. It reflects US national security strategy document provisions. It states that China is a revisionist

power which is seeking to reorder the region to its own advantage by leveraging predatory economic practices to coerce other states, military advancement and influence operations. After the issuance of US strategy, the administration started to forge alliances and strategic partnerships in the region. It increased its military presence and activities. Additionally, US has improved its diplomatic postures in order to combat China's BRI. US has been discouraging regional states to evade engaging with Chinese technology sector. The response by regional states was uncertain and ambivalent.

Summers (2018) argues that the US-China strategic rivalry offer challenges to China's economic growth, but it also encourages China to play an even greater role in global governance. Although the future looks bleak, there are chances of cooperation. Europe is significant in this regard. China and European Union should cooperate to deepen economic interdependency and integration on a global level. This would keep stakes low and it would lead to mutual benefits. Working with a wider group of states and institutions keeps non zero-sum game at play. It would also help in dealing with the US. Multilateral diplomacy is important for global economic governance in the contemporary scenario.

Allison (2017) examines the question if a superpower and rising power are destined to engage in outright conflict. Thucydides assessment is that the rise of Athens threatened dominant Spartans, which ultimately led to war between the two Greek nations. Allison, postulates a realist perspective of US-China conflict. Allison does not argue that war is unavoidable, rather he believes that the scenario creates built-in structural conflicts that can lead to military conflict. The rise of China offers a classic Thucydides trap in previous

thirty-five years the economy of China has grown from less than a tenth the size of the US economy to currently being larger. He analyses that the rise of China and waning of US hegemony is creating a new world order leading these two nations towards an inevitable violent clash. Neither of these two states want this clash, however, this is what the author calls falling into Thucydides's Trap. This is trap which occurs when a rising power threatens to displace a ruling power or to challenge its hegemony. In this situation, flash-points in foreign affairs can trigger or spark a violent large scale conflict. These flash-points include unexpected events by third parties or accidents.

Tagotra (2017) claims that the US National Security Strategy (NSS) is the key to comprehend American foreign policy perspective. China and India are mentioned frequently in various aspects, in the policy document which demonstrates the focus of US foreign policy in the current time frame. A significant emphasis is placed on the clash between two visions of world order: one based upon democracy and human rights, the other based upon authoritarianism and repression. In the document, India is referred as a leading global power as well as an important strategic and defense ally. The repeated mentions of China and India in the national security strategy paper shows the trajectory of great power relations in future.

Chen (2013) states that in the year of writing the article, America's highest ranking military delegation visited China. The objective of the mission was to conduct bilateral negotiations to ease tensions in Northeast Asia. These tensions arose as a result of nuclear tests as a provocative action by North Korea and escalation of Sino-Japan dispute over Senkaku/Diaoyu Island dispute. This high-level visit underpinned the significance of US-China

relations in terms of maintaining regional stability and policy implications of US pivot towards Asia Pacific region. These are the key factors of strategic studies of the region.

Methodology

Research Design

Case Study research design is applied to this paper. The research is qualitative in nature. Historical analysis and descriptive approach are used in the case study. There is an in-depth assessment of this particular situation. A very broad field of research is transformed into one researchable topic. Global pivot to Asia Pacific is narrowed down to US-China strategic rivalry in the region. The emphasis is on several important states of Asia Pacific in terms of US-China pivot to the region. A theory or hypothetical formula is applied to the real world scenario, in this case, on Asia Pacific region with regards to US-China strategic clash of interests. The research introduces new results, and it will lead to research taking new directions.

Data Collection

The method of data collection is both quantitative and qualitative. It incorporates both primary and secondary data. It includes interviews with policy makers and analysts through online communication and telephone. Sample size is 5. The interview respondents include the Director of a think tank and one subject Lecturer. Abbas Kazmi (Ex Ambassador and former Director ECO, Ministry of Foreign Affairs, Pakistan), Syed Hassan Raza (former Ambassador, Ministry of Foreign Affairs, Pakistan), Shireen Mushtaq (Lecturer International Relations Department, Kinnaird College, Lahore,

Pakistan), Khalid Taimur Akram (Executive Director, Centre for Global and Strategic Studies, Islamabad, Pakistan) The confidentiality of the Bureaucrat has been kept on her request. The data collected determines the opinions of experts regarding government's decisions and policy making. This information gained through interviews is analysed and incorporated into the results and discussion section. Secondary data is collected from various sources. These include published reports, books, journal articles, research papers, newspaper articles, press releases and published dissertations.

Discussion

Significance of the Region

Asia Pacific region consists of around half of world population. India and China collectively make up 2.4 billion people. These two countries are considered as population giants in the region. Nine of the twenty largest metropolitan cities are located in this region. These include Tokyo, Delhi, Shanghai, Beijing, Karachi, Osaka, Dhaka, Mumbai and Seoul. These cities have expanded substantially in size in recent years due to massive economic transformations and enormous migrations from rural areas. Most of the busiest ports of the world are also operational in this region (Ahmed, 2020) Asia Pacific region accounts for about 37% of world Gross Domestic Product (GDP). It comprises of some of the dynamic economies of the world. It contributes around 40% to global economic growth. However, the countries are on various levels of economic growth. Developed economies are referred as "Asian Tigers" which consists of China, Japan, South Korea, Thailand, Malaysia, Hong Kong and Vietnam.

Straits in Asia Pacific as important Sea Lines of Communication and Shipping Channels: Strait of Malacca

Strait of Malacca is referred as world's most important trade route' by World Economic Forum. It is the main shipping channel which connects Indian and Pacific Oceans. Strait of Malacca is a narrow route of water, of about 800 km long and is funnel-shaped. There are various other strategically important straits in the region such as Straits of Sunda, Osumi, Tsushima, Tsugaru, and Soya. Strait of Malacca is the shortest sea route between the Persian Gulf and East Asia, helping to reduce the time and cost of transportation among Asia, the Middle East and Europe. Its strategic location makes it a vital waterway for hydrocarbon, container and bulk cargo shipment. After Chinese invested Gwadar port becomes fully operational it would shorten the route from Shanghai to Pakistan from 16,000 km to 5,000 km, significantly reducing travel time and cost (Hirst, 2014) The shift in the centre of world economy and rise of China urged US administration in 2011 to announce that US would step up its game in the Asia Pacific region. Obama was referred as the 'first Pacific president.' it seems that China has replaced the leadership role of US in the region.

Us and China's Interests and Strategies in Asia Pacific Region

US Strategy in Indo-Pacific region

US Department of Defense *Indo-Pacific Strategy Report* of June 2019 calls for a 'more robust constellation of partners and allies.' The 2018 *National Defense Strategy* guides defense department to support the *National Security Strategy* to achieve the following objectives:

1. Defend the homeland;
2. Ensure the regional balance of power remains in favour of US;
3. Remain dominant military power in the world;
4. Promote an international order ~~that is~~ in compliance to US security and growth

National Defense Strategy ensures that the Asia Pacific region is critical for US persistent stability. US State Department's Asia Pacific strategy translates into achievement of following three primary goals:

1. Preparedness,
2. Partnerships, and
3. Promoting a Networked Region.

Interests and Strategies in Asia Pacific

China has carefully crafted a long-term strategy in Asia Pacific and advances accordingly. China have been increasingly expanding its influence in world finance, trade and aid. As US under President Trump's administration withdraws from international agreements including Trans Pacific Partnership and Paris Climate Accord. To draw the region into China's economic and political sphere of influence, the Chinese administration is enhancing economic integration and building political partnerships. In this context Asian Infrastructure Investment Bank and China's BRI are primary examples. Sri Lanka leased out its Chinese invested *Hambantota Port* to China for 99 years, almost a century. During civil war in Sri Lanka between the government and Tamil Tigers, US curtailed its military supplies to Sri Lanka because of human

rights concerns. China took over the opportunity and filled the vacuum. China became Sri Lanka's biggest donor and invested \$1 billion in developing the port. China played a significant role establishing and modernizing the port of Chittagong in Bangladesh. China is also increasing trade with Nepal and investing in infrastructure development including roads, bridges and hydropower projects. It granted \$500 million aid for reconstruction after 2005 disastrous earthquake in Nepal (Singh, 2017) According to Chinese officials these port developments are to serve commercial interests, but US administration claims that these can eventually serve strategic interests of the Chinese army and navy.

One Belt One Road Initiative Megaproject

Today China has emerged to be the second largest global economy with \$ 12 trillion GDP. China has over \$ 3 trillion foreign reserve and extended infrastructure-based loans to over a trillion to other nations. This is a comparative disparity of economies despite large geographic area and populations. Xi Jinping advocates diplomacy and the cultivation of relationships with other nations as essential to its own growth. China wants to construct these projects with a green economy with minimal wastage and minimal environmental impact and sustainability. China has taken the leadership role to the recent Paris Agreement (after US withdrawal) on climate change issues and promised to reduce emission on a per capita basis by 2030. Today China is the largest producer of solar panel. Coal power plants are gradually shut down and replaced by solar and wind power. All petrol combustion vehicle manufacturing will be replaced by electric vehicles by 2025. China has allocated \$ 4 trillion to be spent on OBOR-related projects by

2030. OBOR is beyond Silk Road and infrastructure, it's a strategy to great economic expansion to 66 countries and beyond, soft diplomacy, mutual respect to developing nations and long-term friendship. In response to OBOR, US has made an alliance B3W (Build Back Better World) It is an initiative of G7 countries announced in June 2021.

Security and Military role of China in Asia Pacific

The white paper demonstrates China's expanding security role in the region. It states that China will build armed forces ~~which are~~ in compliance with China's development and security interests. China's defense budget in 2015 was \$145 billion, the second biggest in the world, grown by double digit rates within two to three decades, though real defense spending would be certainly higher. The current rate of budget increase is 7 percent annually, according to which it would increase to \$360 billion by 2030. China may increase its marine corps substantially. The maritime force would increase from around 20,000 to 1 lakh personnel. Due to this increase, China's *Marine Corps* will exceed that of US. China exports military hardware to several Asian countries. China is a significant source of military equipment for Bangladesh. It has surpassed India as Bangladesh top trading partner within previous decade. China and Bangladesh conduct military exercises regularly. China has provided Bangladesh with 44 tanks, 16 fighter jets and surface-to-air and anti-missile ships, 5 maritime patrol vessels and 2 warships (Chan, 2021)

Maritime quest in Indian Ocean and implementation of String of Pearls Strategy

China has encircled India and gained momentum in Indian Ocean

region. It has string together and formed a network of multiple Indian Ocean littoral nations. This is done through massive economic investments in coastal states, port developments, marine equipment transfers and military installations. It is claimed that string of pearls strategy is the part of a greater ambition which includes China's military ambitions hidden under economic development and commercial progress. String of pearls strategy has enabled China to bait nations out of India's strategic orbit, a key US ally (Mukherjee, 2018)

China has been developing seaports in Indian Ocean for maritime transport. The maritime trade routes are protected by China's *Blue Water Navy*. Chinese built first overseas military base in Djibouti safeguards Suez routes and Red Sea. China is following the footsteps of US, transforming its economic strength into a world system of finance, trade and construction ultimately making China the economic centre of Asia Pacific and world (Chan, 2021).

Maritime Strategy in South China Sea

China has been pursuing its goals with utmost strength since 2010. China seeks to assert maritime jurisdiction and territorial sovereignty over most of South China Sea between 62% and 90% of the total area of sea. Bulk of area under *9-Dash Line*, which forms majority area of the sea has been claimed by China. China's maritime territorial claims extend more than 800 nautical miles from Hainan province of China. The overlapping claims are by Philippines, Vietnam, Indonesia, Malaysia and Brunei. China has stationed missiles, strategic bombers and fighter jets on artificial islands including Sparty and Parcel islands. In the disputed sea, China has created around 3200 acres of territory between 2013 and 2015, that is around seventeen times more

land created by other claimant states in previous four decades. China has built naval and air bases in South China Sea (Buzan. 2012)

US-China Current Rivalry in Asia Pacific

US-China Rivalry in South China Sea: US right to Freedom of Navigation and Claimant States seeking US support against China

There are overlapping claims of China and Asia Pacific countries in South China Sea located in East Asia. China claims all the land under the 9-Dash line which consist of more than ninety percent of the territorial sea as its sovereign territory. China has been building artificial islands in South China Sea: Parcel and Sparty Islands. Parcel Islands are particularly disputed between China, Vietnam and Taiwan. Sparty Islands are particularly disputed between China and other East Asian nations including Philippines, Malaysia, Indonesia, Korea and Brunei. USA has been interfering in the region ~~in order~~ to counter China's influence. Several nations have pursued US assistance ~~in order~~ to contest with China. Regional states perceive the US as guardian of rights, ironically. Secondly, USA claims the right of Freedom of Navigation provided by United Nations Conference on Law of Seas (UNCLOS) China and US, the emerging and emerged powers are vying for influence in the Indian Ocean region. Both view ocean through prism of their own strategic interests and to counter each other's influence. China is pursuing the objectives of *Maritime Silk Road* and the US is pursuing its *Indo-Pacific Strategy*.

US Imposed Sanctions on China

US and its allies imposed economic sanctions on China because of allegations of human rights violations of Uighur Muslims in China's Xingjian

province, instigating retaliation from China. Another reason of imposing sanctions was China's crackdown on democracy in Hong Kong. Hong Kong is Chinese special administrative region. Prior to British government handover of Hong Kong to China in 1997, China accepted to allow it political autonomy under a framework "one country, two systems." Recently China has clamped down on Hong Kong's freedom. It passed security law in 2020 under which China got broad new powers to punish critics. This has prompted massive protests in Hong Kong followed by China's crackdown on the protesters.

China hits back at US and allies with Anti-sanctions Law

The "anti-foreign-sanctions law" was approved by Chinese government in June 2021.

The law gives following powers to China (Glamann, Liu & Arnold, 2021):

- Refuse visas, invalidate visa, ban entry and deport foreigners
- Seize or freeze movable, immovable and other types of property
- Prohibit transactions with domestic organizations or individuals
- Allow Chinese nationals and companies to file lawsuits seeking compensation
- against individuals and firms who implement discriminatory restrictive
- measures
- Take other necessary measures

The purpose of formulating the law is to counter sanctions on China imposed by US and its allies, safeguard its national security and protect the rights and interests of Chinese citizens and organizations.

Opportunities and Challenges of Us-China Rivalry for Asia Pacific Region

Economic Opportunities

Economic assistance

The regional Asian countries receive economic assistance from major powers in the form of financial assistance, economic aid, Foreign Direct Investment, Most Favoured Nation (MFN) status, removal of tariffs and quotas. China is heavily investing in regional economies and US supervises International Financial Institutions primarily IMF and the largest fund raiser. Economic assistance in these dimensions contributes to economic growth and development of regional states. US and China provide economic assistance to their respective allies ~~in order~~ to garner support and strengthen bilateral alliances.

Growth and Development

The Asia Pacific countries witness socio-economic growth and development due to American and Chinese intervention in the region. As a result of economic and military assistance the regional countries grown economically and achieve social progress. The growth is measured through economic indicators, cultural evolution, increased productivity, scientific and technological advancement. There is transfer of capital, technology and ideas from developed countries (USA and China) to developing countries (Asia-pacific states) The regional states are reaping the benefits of American and Chinese intervention in the region.

Increased Efficiency owing to Foreign Competition

Competition from American and Chinese production companies allow

local industries to enhance their production efficiency. Exposure to foreign competition encourages domestic producers to increase their productivity and keep up with the pace of mass production. A higher number of goods are produced in less time and cost. The quality of export products is enhanced leading to an increase in value. These high quality, high valued goods when exported result in increased government revenues and contribute to growth in national income.

Transfer of Capital and Technology

The capital and advanced technology is transferred from the developed world to the developing world. This enables the developing countries of Asia Pacific to keep up pace with the development of US and China. The Multinational Corporations (MNCs) are agents which bring this technology from the North to the South. These bring with them the expertise and skill set to operate the advanced machinery. This technology is used in all sectors of the economy: primary, secondary and tertiary. Mining plants are significant in this regard. Despite production industries, US and China have deployed defense technology in the region, assisting in developing power plants, power stations, reservoirs and ports.

Creation of Employment Opportunities

The major powers have established production companies in Asia Pacific countries which provide massive employment opportunities to the local workforce. In Pakistan, under CPEC there are jobs created for engineers, miners, economists, accountants and security analysts. Despite these, a significant portion of the labour class is engaged in construction business. Under

CPEC, China has provided jobs to around 2 lakh people across Pakistan.

Increase in Government Revenues

The profits earned by American and Chinese companies and the taxes acquired contribute to government revenues. The government in Asian countries then utilize these revenues on strengthening local economic structure, political and social institutions. On one hand, China has been building economic ties with regional allies, on the other hand the US has been strengthening economic relations with regional countries. This struggle is ultimately benefitting Asian economies both in the short run and long term.

Political Opportunities

Military assistance

Military assistance is provided to regional states via mutual defense and logistics exchange agreements. The agenda is to enhance the defense capabilities of regional allies. Security is strengthened in three major sectors: land, airspace, and water channels. These particularly include border security, territorial defense, Sea Lines of Communication and water bodies. The US is a primary agent of military hardware and defense technology. Military assistance is also provided in the form of military aid, i.e. financial resources to be spent on strengthening military capability and expanding defense capacity. Both US and China militarily support their regional partners ~~in order~~ to secure their national interests in the region.

Post-conflict Reconstruction

During times of crisis, the regional states acquire help from major powers. Asia pacific region is volatile in terms of natural disasters,

humanitarian crisis, and interstate conflicts. The major powers offer assistance to revamp war torn and conflict-ridden Asian countries. Assistance by major powers is vital to reconstruct and revamping domestic economies, particularly infrastructural development. After US withdrawal from Afghanistan, China is stepping up its game to build war-torn country via a series of economic investments and trade deals.

Social Opportunities

Technological Advancement shapes local Culture

Culture is shaped by various forces. The culture of Asia pacific countries is being transformed due to foreign intervention. A new culture emerges in the form of technological advancement, scientific evolution, information technology, mechanization and artificial intelligence. Foreign culture, be it Chinese or American, influences all aspects of life including art, food, government, travel and overall way of living.

Transfer of innovative Ideas

Presence of America and China in the region allow transfer of innovative idea and techniques to local Asian culture. Asian countries benefit from developing collaborative relations with foreign powers. Acquiring access to foreign knowledge and skills allow regional countries to accelerate the process of socio-economic transformation and sustain development. US and China are simultaneously collaborating with their respective allies in the region, the apparent purpose as both super powers claim is to assist regional countries accelerate the pace of social progress.

Social Progress

The ultimate goal of technological advancement and transfer of innovative ideas is to achieve social progress. US and China are combating each other in the region by forging alliances with regional countries. The objective is to shift the power balance to either one major power. This is being done through assisting regional countries economically and militarily. Economic and military growth is translated as social development. The social issues are resolved, and social menaces are eradicated.

Economic Challenges

Debt Trap

American based Washington Post magazine published an article in 2018 on China's debt trap diplomacy. In it the American author described Chinese ambitions to debt trap the countries in which China is heavily investing. As debt trapped Asian countries are unable to repay loans, China takes hold of the country's political, economic and social systems. In 2018, Mahathir Mohamad, Prime Minister of Malaysia announced that Malaysia has cancelled two Chinese projects worth multibillion dollars because Malaysia cannot repay its debts.

Unequal Terms of Trade

US and China are countering each other's influence by building and strengthening economic tie with regional countries. Although trade with US and China is brining massive economic benefits to regional economies, there are unequal terms of trade. This demonstrates that the index of export prices is lower than the index of import prices of Asian countries. These regional state

export low priced primary goods to both major powers and import high priced finished goods. Hence, government expenditures are higher than government revenues of regional states.

Infant Industry Argument

China has surpassed US as a major trade partner of Asia Pacific. However, this economic interdependence is not all about wonders. Excessive exposure to foreign competition puts the survival of infant local industries at stake. The foreign competition serves as a burden on new local industries. As a result, these domestic industries collapse when these cannot keep up with high quality and high valued foreign goods and services.

Exploitation of Resources and Labour by Foreign Corporations

US and China have been investing heavily in Asian economies to strengthen their hold of the regional economic apparatus. On one hand, there is Foreign Direct Investment by China throughout the region, on the other hand American Multinational Companies are operating in regional states. The revenues earned by these foreign companies are often sent back to home countries and evasion of government taxes is the norm. There is exploitation of natural resources resulting in depletion of fossil fuels and environmental degradation, as well as domestic labour is granted low wages for high productivity tasks.

Political Challenges

Militarization of the Region

In order to safeguard their economic investments and to keep hold of maritime trade routes, militarization of the region is done by US and China.

Troops are deployed, military tanks, cruise missiles and submarines are installed in ports as well as disputed areas such as South China Sea and Indian Ocean. The underlying agenda is to keep the opposing party at distance and hinder the power to further expand its sphere of influence. Militarization of the region has been a threat perception for regional countries.

Threat Perception: Outbreak of War

The militarization of the region has exacerbated the risks of outbreak of a war between the two rivals. The regional countries are increasingly wary of the impending threat whenever tensions between US and China increase on various fronts. Even if war breaks out, the regional countries would be the victim of collateral damage, massive death and destruction. Although war inflicts immense costs on all sides, the developing countries of Asia Pacific would bear the brunt of the situation.

Dilemma to choose between the two Super Powers: US or China

In the contemporary scenario, it seems unlikely that there would be rigid polarization of two blocks. However, if regional countries are left with no other option but to choose any one side, this would be a major dilemma to be faced by Asia-pacific countries. It is vague to say that American and Chinese allies would side with the respective major powers because in today's globalized world complete breakdown of ties with any one major power is like starving oneself to death. For instance, India, a major America's partner cannot entirely break ties with China because of economic interdependence. Similarly, China's partners in the region have to engage in diplomatic maneuvering to maintain cordial relationship with United States due to mutual political,

economic and social interest.

Social Challenges

Cultural adulteration

US and China have been practicing neo-imperialism in order to consolidate their positions in the region. American and Chinese presence in the region have been impacting local culture adversely. The local public has been adopting foreign cultural practices and traditions which has resulted in de-traditionalization of domestic social culture. On one hand, Americanization has transformed the lifestyle of Asian people, on the other hand Chinese have penetrated into social institutions in Asia Pacific.

Emigration and Brain Drain

Forging ties with US and China has opened doors for population in Asia Pacific region to emigrate. The pull factors which cause emigration to US and China include cordial relations, better educational and employment opportunities and improved standard of living. In America, Indians have been serving on important executive positions in all departments and sectors. Similarly, Pakistanis are increasingly acquiring scholarships in China's educational institutions. This has resulted in brain drain from Asia Pacific countries and it would put regional countries at the back burner in the long run.

Conclusion

Asia Pacific is one of the most strategically significant regions of the globe. The centre of gravity of international politics and economy is shifting towards this region. The geographical location of the area holds great geo-strategic significance. International relations in the contemporary scenario are

characterized by great power politics, the rivalry between US, China and their respective allies in Asia Pacific. The rivalry between US and China is in terms of military superiority, economic growth and diplomatic engagement. The rise of China is a threat perception for adversaries, US and its allies. US in collaboration with regional partners is pushing against China, combating expanding Chinese influence in Asia Pacific. Great power politics in 21st century is focused on US and China in Asia Pacific.

Both rival powers are engaged in alliance formation. However, there is no rigid polarization as in today's globalized world all states are interdependent and cannot afford neglecting any one power entirely. There are several regional states which are considered to be in US camp and others in China's camp. US in collaboration with allies has been countering expanding Chinese influence in the region. This is done through freedom of navigation in China Sea and assurance of support to claimant states against China, trilateral Indi-Pacific strategy, providing economic and military assistance to regional states. Meanwhile, China's fast paced expanding influence is evident through economic investments, infrastructural developments, spring of pearls strategy, building artificial islands, creating maritime corridors and safeguarding those through establishing military bases in and around sea ports, developing regional ports and docks.

US-China power struggle in Asia Pacific has served various opportunities and confronted challenges to regional states. Regional states see US through security prism and China through economic prism. These are acquiring military security assistance from US and economic assistance from China. The opportunities for regional states due to power politics of US and

China in the region include: financial help, humanitarian aid, defense assistance, infrastructural development, overcoming energy crisis, post conflict reconstruction, increased efficiency owing to foreign competition, transfer of capital and technology, creation of employment opportunities, increase in government revenues. The Challenges include Debt Trap, Unequal Terms of Trade, Exploitation of Resources and Labour by Foreign Corporations, Militarization of the Region, Dilemma to choose between the two Super Powers: US or China, Threat of outbreak of War. The rivalry of US-China in Asia Pacific is like a double edged sword, providing both opportunities and challenges to the regional states. US-China rivalry in Asia Pacific may continue for several decades until US accepts the rise of China as a regional hegemon and world economic giant. The action reaction cycle may persist for years to come. The regional countries may refrain from choosing any one side and engage in diplomatic maneuvering while seeking benefits from both super powers, economically and militarily.

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