

**CHINA AND THE UNITED STATES IN
THE SOUTH CHINA SEA DISPUTE:
AN UPDATE**

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Executive Summary

1. The South China Sea tension continues to dominate media headlines. ASEAN claimants, as well as critical extra-regional players, such as the United States, are enmeshed in a round of defence and alliance diplomacy.
2. China's island-building efforts have attracted criticism despite its explanation that the work is for maritime affairs management.
3. China and the United States have exercised restraints in the South China Sea issue. Efforts to search for a pragmatic and feasible solution to the South China Sea have continued unabated.
4. The alliance and defence diplomacy adopted by the United States in its South China Sea policy has been adjusted along with the fine-tuning of its Asia policy. Various factors have toughened US policies in the South China Sea.
5. Other factors overshadowing US postures in the South China Sea include pending ratification of the Law of the Sea Convention, over-reliance on coast guard, and the rather liberal, but not prevailing, approach to military survey and activities in the foreign exclusive economic zones.
6. Real stake of the United States in the South China Sea lies in securing its agenda-setting authority in Southeast Asia.
7. Taiwan plays a unique role in the China-US tension in the South China Sea issue. To resist pressure from both sides, Taiwan holds high the "One China" principle to pacify both China and the United States.
8. China is still keen to advance a new great power relation with the United States, maintaining that cooperation and not confrontation would be the main theme. However, China may need to refine its communication with the international community in order to demonstrate its good intentions.

9. For the United States, while a tougher position on the South China Sea serves to balance off dissenting voices in US rebalancing policy, it increases the risks of physical warfare being waged.
10. The United States is readjusting its engagement with non-democratic ASEAN countries. Recent exchanges with Vietnam are an example of the challenges faced by the Obama administration at home and abroad.
11. China would not want the South China Sea issue to be a stumbling block to China-US relations at a time when it has grand strategic plans that necessitate a peaceful international environment.