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China-U.S. Strategic Competition and Security Outcomes for South China Sea

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ABSTRACT
This study aims to answer one core question: how has China–U.S. strategic competition in the South China Sea (SCS) fundamentally reshaped regional security dynamics? The intensifying rivalry between these two great powers, characterized by assertive sovereignty claims, freedom of navigation operations (FONOPs), and advanced military deployments, has redefined the geopolitical landscape. A central paradox emerges: while direct armed conflict has been averted, regional insecurities have proliferated. This research moves beyond prevailing policy debates to analytically dissect the multifaceted nature of Sino-U.S. interactions encompassing diplomatic, economic, and military domains and their cumulative, systemic impact on SCS security. It argues that the competition has catalyzed a complex and unstable security dilemma, compelling regional states to engage in delicate hedging strategies, pursue military modernization, and reassess alliance commitments. The paper systematically examines how these bilateral power dynamics have inadvertently elevated risks of miscalculation, intensified militarization, and strained the regional rules-based order. Ultimately, this analysis seeks to provide a nuanced understanding of the transformed security architecture in the SCS, where great-power posturing directly influences the strategic calculus, threat perceptions, and security outcomes for all littoral states. The findings contribute to the broader literature on Indo-Pacific security by highlighting the intricate link between systemic competition and sub-systemic instability.

Keywords: *China-U.S. Strategic Competition, South China Sea, Security Dynamics, Regional Security, Hedging Strategies, Militarization, Security Dilemma, Freedom of Navigation Operations (FONOPs).*

Introduction

A literature review situates this inquiry at the intersection of three bodies of work, balance-of-power accounts of maritime competition, security dilemma scholarship on limited conflict, and region-focused studies of Southeast Asian hedging behavior. Subsequently, a theoretical framework is outlined, combining the concepts of strategic competition short of war and the security dilemma, and specifying key mechanisms of incremental coercion, signaling, and normalization that drive the observed dynamics.

The study then analyzes China's post-2018 consolidation strategy in the SCS including the militarization of features, coast guard and militia coercion, and administrative measures. The next section lays out the U.S. competitive strategy in response, encompassing Freedom of Navigation Operations (FONOPs), alliance and partner support, and diplomatic emphasis on a rules-based order. The analysis section focuses on the interaction dynamics, how Chinese consolidation and U.S. contestation together generate unintended security consequences for regional actors. It is shown that great-power crisis stability coexists with rising local instability with wider regional outcomes, such as the erosion of maritime laws, accidental escalation risks, and disappearing collective security mechanisms.

Balancing, Dilemmas, and Hedging

The balance-of-power approach provides a structural view of China-U.S. competition in the SCS. Realist scholars argue that China's rise and American resolve to maintain primacy set the stage for increased competition in disputed maritime spaces (Montgomery, 2014). Analysis in this regard often frame the SCS as part of a wider hegemonic contest and expect arms races and alliance formation as natural outcomes. Neorealism's hypothesizes that states' pursuit of power and security drives the competition between states. This can be witnessed in China's assertiveness and U.S. countermeasures leading to militarization of the SCS and new alignments. The balance-of-power perspectives highlight the macro-level drivers of rivalry like relative capabilities, military deployments, and balancing behavior that underpin Chinese and American actions. Purely structural accounts can struggle to clarify why the SCS has seen increasing tension without escalation into war between China and the U.S.

The security dilemma offers an understanding to comprehend how two powers defensive measures can fuel a cycle of tension between adversaries. Classic security dilemma theory suggests that when one state takes steps to enhance its security, those steps often appear threatening to others, prompting countermeasures that increase overall insecurity (Jervis, 1978).

In the SCS context, analysts have observed a security dilemma amongst China and the U.S., in which neither side openly accepts the dynamic (Scobell, 2018). China terms its island fortifications and patrols as defensive efforts against U.S. military encirclement. Whereas, the U.S. portrays its naval presence in the region and FONOPs as defensive sustenance for international law. The result is a spiral of action-reaction that amplifies tensions despite both sides seemingly wishing to avoid war. Andrew Scobell (2018) argues that the SCS has become a theater for a classic security dilemma between Beijing and Washington, generating volatility that neither side intends. The literature on security dilemma helps explain the intertwined perceptions driving militarization in the SCS, yet it often focuses on China and the U.S. in isolation. What security dilemma explanation miss in the SCS case, and what this article highlights, are the regional repercussions of how great-power tension radiates insecurity to Southeast Asian states.

Region-focused studies on Southeast Asia offer insight into the strategies of smaller states to navigate through the China-U.S. competition. Goh (2005) and Kuik (2021) document how countries such as Vietnam, the Philippines, Malaysia, and Indonesia hedge between the U.S. and China, seeking to balance security ties with Washington against deepening economic engagement with Beijing. Recent analyses, however, suggest that intensifying China-U.S. competition is straining the effectiveness of hedging (Jin & Kim, 2025).

Beijing's growing power is cracking Southeast Asia's hedging strategies, as China's predominant influence and a more insular U.S. posture narrow the region's margin for maneuver. A powerful China is now an irrefutable reality for the Southeast Asian Nations, and their strategic autonomy is under threat as their hedging strategies falter (Liao & Myers, 2025). This underscores the perspective that the China-U.S. strategic competition in the SCS is not just about two great powers, rather it directly pressures Southeast Asian nation's policy options. What regional studies on the SCS understate is how the interactive behavior of China and the U.S. shrinks Southeast Asian strategic space.

The existing literature does provide valuable foundations on structural realism, security dilemma and hedging strategies, yet each, in isolation, misses part of the whole picture. There is a need for an integrated analysis that explains how ongoing strategic competition short of

war can simultaneously maintain a form of stability - no war between major powers and generate accumulating instability - heightened insecurity and militarization in the region.

Strategic Competition Short of War and the Security Dilemma

Mazarr, Frederick, and Crane (2022) describe the characteristics of contemporary strategic competition. Strategic competition short of war refers to a condition in which rival states pursue their objectives through coercive and competitive measures without crossing into open warfare. This concept, applied to China-U.S. relations, shows that both powers are engaged in a protracted struggle for influence in the Indo-Pacific including the SCS. Both powers China and the U.S. are using military posturing, economic leverage, and diplomatic maneuvering while deliberately avoiding a direct hot conflict.

In such an environment, actions are carefully adjusted to contest the opponent and alter the status quo, but not to provoke a direct conflict. The SCS since 2018 exemplifies this logic as China and the U.S. have intensified military deployments, and signaling in the area. Within this condition of constrained competition, the security dilemma explains why even restrained competition can lead to unintended insecurity. Each side in the SCS perceives many of its own actions as defensive or precautionary for example, China's fortification of islands or the U.S. Navy's patrols are justified internally as obligatory responses to the other side's threats. However, to the adversary, these actions seem aggressive or aimed at dominance, stimulating a counter-response. A key feature of a security dilemma is that neither side seeks war, yet their fears and mistrust result in a spiral of measures that increase the risk of conflict by miscalculation or accident (Bell & Quek, 2025). In the SCS, this is observable in series of actions and reactions, like China installing military equipment on disputed and the U.S. responding with more frequent naval operations, which in turn spurs China to further augment its defenses. This feedback loop explicates how militarization becomes normalized. Actions that were previously perceived as extraordinary provocations gradually become the status quo because each side feels compelled to counter the other.

Three interrelating mechanisms can be observed in the SCS, incremental coercion, signaling, and normalization. Incremental coercion can also be defined as salami slicing strategy. It refers to achieving considerable advances through small, low-level steps that cumulatively alter the status quo. Chen (2015) explains the dynamics of uncertainty, brinksmanship, and salami-slicing in Southeast Asia. China's approach in the SCS follows this pattern. China engages in steady advances like building artificial islands, positioning coast guard ships to push other states vessels out, and declaring administrative districts in disputed waters of SCS. Each action is comparatively limited in scope but collectively immensely transformative in nature.

The U.S. also operates incrementally, albeit through a fundamentally different strategic logic. Rather than pursuing territorial control or de facto governance, the U.S. employs a pattern of cumulative, low-intensity actions aimed at contesting legitimacy, preserving access, and shaping regional allies' expectations. U.S. FONOPs are designed to challenge what Washington views as excessive maritime claims without escalating to direct confrontation. Each operation, taken in isolation, is limited in scope and duration; however, their cumulative effect is to normalize a persistent U.S. naval presence in SCS contested waters. The U.S. has also expanded its presence through flexible force deployment and rotational patterns. Carrier strike group transits, bomber task force missions, and increased naval and air patrols are structured to demonstrate capability and resolve without establishing permanent basing arrangements in the South China Sea itself. The U.S. also increasingly relies on partner-based activities such as joint exercises, capacity-building initiatives, and coast guard cooperation with Southeast Asian states. By such activities the U.S. embeds itself more deeply into the regional security fabric.

These activities are cumulative rather than transformative as these activities do not alter the balance of power immediately but gradually increase U.S. access to the SCS and reinforce the perception of U.S. engagement. These tactics impose persistent pressure on China's in the SCS.

Signaling encompasses the practice of actions and statements to communicate resolve and establish deterrence. Both China and U.S. participate in high-stakes signaling in the SCS. China, for example, has conducted military exercises and passed domestic laws such as a 2021 Coast Guard Law to signal that it will enforce its claims in the SCS. The U.S. sails carrier strike groups through disputed waters or publicly aligns with international legal rulings to signal commitment to its principles and allies. At the strategic level the U.S. operates through narrative and normative reinforcement. Official statements, strategic documents, and diplomatic signaling consistently frame US actions as defense of international law and a rules-based maritime order. While these claims do not prevent China's consolidation of control, they do shape the interpretive environment in which regional actors assess legitimacy and risk. These signals are not only intended for each other but also for regional audiences, affecting perceptions of credibility and risk.

Normalization means the evolution by which repetitive provocative actions turn into accepted behavior as normal. What starts as an uncommon provocative move, through repetition, becomes routine. Normalization is evident in SCS scenario as Chinese military outposts, once internationally condemned, are now permanent features that other states must factor into their calculations. Correspondingly, U.S. naval patrols that once drew sharp Chinese objections have become regular occurrences and China tolerates them even as it protests. This normalization of provocative behavior is double-edged. Both China and the U.S. expect a certain level of counter activity from the other this raises the baseline of competitor's militarized presence in the region, making the overall environment in the SCS more volatile.

These interactions between China and the U.S also impact the Southeast Asian states'. South East Asian states' security environment is shaped by the interplay of U.S. and Chinese actions as much as by their own policies. This integrates the idea of a constrained but intensifying competition. A competition short of war but growing insecurity - a worsening cycle of militarization and mistrust in the SCS.

China's Consolidation Strategy in the South China Sea

Center for Preventive Action (2024) describes how China has consolidated its position in the SCS by strengthening its control while avoiding overt warfare. Beijing's strategy can be understood through three interconnected mechanisms. The militarization of disputed features, by deploying coast guard and militia to enforce its territorial claims, and domestic legal measures to entrench China's governance over contested waters in the SCS. Together, these efforts amount to a comprehensive campaign by China to shift the status quo in its favor without triggering an armed conflict.

In the mid-2010s, China constructed large artificial islands on seven reefs in the Spratly Islands and upgraded facilities in the Paracel Islands (Southerland, 2016). Post-2018, the focus shifted from land reclamation to militarization and utilization of these features as operational bases. O'Rourke (2023) outlines background information and key policy issues for Congress on strategic competition between the United States and China in the South and East China Seas. By the late 2010s, China had transformed key reefs of Fiery Cross, Subi, Mischief in the Spratlys, and Woody Island in the Paracels into fortified bases with airfields, radars, and missile batteries. These installations act as a network of unsinkable mini-bases, extending China's surveillance and potential control over much of the SCS short of a direct war. U.S. analyses conclude that China can now control the SCS in all scenarios short of war with the U.S. a

testament to how far its local military advantage has grown. China now maintains roughly twenty outposts in the Paracels and seven in the Spratlys, it has even deployed fighter jets, cruise missiles, and radars on Woody Island. China's military build-up including advanced anti-ship and air-defense systems means it can monitor and challenge other states activities across the SCS, effectively creating a forward defense line.

A second pillar of China's strategy is the use of law enforcement and civilian forces to assert control on a daily basis without resorting to naval combat (Buckley, Chang, & Chang Chien, 2026). China's Coast Guard (CCG), now the world's largest by tonnage, and its maritime militia a fleet of ostensibly civilian fishing vessels that work at the behest of the state have been at the forefront of asserting China's claims since 2018. By using white-hulled coast guard cutters and swarms of militia boats rather than navy frigates, China stays in a gray zone between peace and war. Chinese CCG vessels maintain near-constant patrols around contested features like Scarborough Shoal claimed by the Philippines and Luconia Shoals claimed by Malaysia, often intercepting or shadowing other nations ships.

Such incidents keep pressure on rival claimants while officially staying below the threshold of military force. For example, in 2019 a Chinese vessel rammed and sunk a Vietnamese fishing boat near the Paracel Islands, and Chinese militia fleets have repeatedly swarmed areas where Vietnam and Malaysia explore for oil and gas. This constant low-level coercion wears down other claimants' ability to operate freely. In 2021, China enacted a new Coast Guard Law authorizing its coast guard to use all necessary measures, including weapons, to enforce Chinese jurisdiction in disputed waters a legal change that alarmed its neighbors (Tian, 2021). Through these tactics, China has made pervasive maritime presence the new normal. Chinese CCG and militia ships appear whenever other claimants attempt fishing, resupply, or energy exploration, creating a persistent deterrent.

In August 2023, Chinese coast guard vessels even fired water cannons to block a Philippine resupply mission at Second Thomas Shoal a flashpoint incident that drew protests from Manila and support from Washington. By operating in this gray zone, China advances its claims with minimal risk of provoking war, yet it generates continual friction and fear among Southeast Asian states.

Along with physical presence, China has deployed administrative and legal tools to cement its claims and gradually normalize international acceptance of its authority in the SCS. A notable step came in April 2020, when Beijing unilaterally established two new administrative districts of Xisha and Nansha under Hainan's Sansha City to govern the Paracel and Spratly Islands. The Xisha district government is based on Woody Island (Paracels) and the Nansha district is headquartered on China's artificial island at Fiery Cross Reef (Ma, 2020). The idea is to formalize Chinese administration of these areas by dedicating more manpower and resources to their management.

Beijing clearly sees such measures as fundamental to reinforcing its claims and territorial integrity but Vietnam's government instantaneously objected the move as illegal, and the Philippines lodged its own formal denouncements. China seemingly infers limited international pushback as tacit submission. Indeed, the lack of strong objection to the new districts from countries beyond Vietnam and the Philippines may have encouraged Beijing that its administrative gambit had succeeded. Apart from the new districts, China has routinely employed other legal and bureaucratic tools, such as publishing standardized names for undersea features, issuing unilateral fishing bans in SCS waters and enforcing them with CCG patrols. China has also passed domestic legislation such as environmental protection rules that treat disputed areas in the SCS as if they were Chinese territory. By routinizing its governance in

this way, China aims to make its presence and authority in the SCS an accepted fact, even if other governments officially dispute it. Over time, these measures create a paper trail and practical reality of Chinese rule, obscuring efforts to overturn its claims.

The domestic coherence of China's strategy is evident as military and paramilitary instruments are used to establish physical control of disputed waters. This is evident as administrative and legal instruments are used to legitimize and normalize that control. Beijing has accomplished much of its objective to fortify its position in the SCS not by winning a war, but by changing the facts in the seas gradually (Ghani, Ahmed, and Muzaffar, 2017). From China's perspective, this amounts to winning without fighting. From the perspective of SCS claimant states and the U.S., China's consolidation challenges the balance of power in the region and contribute to a simmering security dilemma.

U.S. Competitive Strategy: Contestation and Reinforcement

The U.S., for its part, has responded to China's moves with a strategy aimed at contesting Beijing's assertions and supposedly reinforcing a rules-based order, all while avoiding direct conflict. Washington's approach since 2018 can be summarized in three elements, intensified military operations to assert freedom of navigation, stronger security cooperation with regional states to deter China, and diplomatic efforts to uphold international law and norms. Together, these measures signal that the U.S. will push back against China's expansion short of war.

The U.S. has made a point of regularly asserting navigational rights in the SCS to challenge China's maritime claims. U.S. Navy FONOPs have become more frequent, for instance, the Navy conducted a record nine FONOPs in the South China Sea in 2019 the highest number in the four-decade history of the FONOP program. These operations typically involve U.S. warships sailing within 12 nautical miles of Chinese-claimed features to dispute unlawful territorial claims.

The U.S. military has also stepped up its overall presence as in 2020 and 2021, dual U.S. aircraft carrier strike groups carried out exercises together in the SCS, a rare and high-profile show of force. Such patrols and drills demonstrate that Washington will fly, sail, and operate wherever international law allows, countering China's attempts to treat the SCS as its exclusive zone. The U.S. has kept up a persistent naval and air presence to underscore its commitment to a free and open Indo-Pacific. Beijing, however, condemns these Navy operations as a show of force that undermines regional peace a charge Washington rejects, insisting that its presence upholds lawful freedoms.

A second key element of U.S. strategy has been shoring up alliances and partnerships in Southeast Asia to offset China's dominance. The Philippines, a U.S. treaty ally and SCS claimant, has been central. In March 2019, U.S. Secretary of State Mike Pompeo explicitly affirmed that the U.S.-Philippines Mutual Defense Treaty applies to any armed attack on Philippine forces, aircraft, or public vessels in the SCS. This was the clearest statement in decades that Washington would come to Manila's aid if Philippine forces were attacked, thereby bolstering deterrence against China. In recent years, the U.S. and the Philippines have expanded military cooperation for example, increasing the scale of joint exercises and accelerating plans under their Enhanced Defense Cooperation Agreement to deploy U.S. rotational forces at Philippine bases.

Beyond the Philippines, the U.S. has deepened security ties with other Southeast Asian countries. It has provided patrol vessels, radar systems, and coast guard training to Vietnam, Indonesia, and Malaysia, and enhanced defense dialogues with countries like Singapore and Thailand. By strengthening local actors' capacity and signaling U.S. backing, Washington aims to raise the costs of any Chinese coercion. Japan, for instance, has provided patrol vessels and

military equipment to the Philippines and Vietnam to bolster their maritime security. In effect, the U.S. is trying to knit together a network of regional security partners to collectively balance China's growing power.

Diplomatically, the U.S. has emphasized the importance of international law and norms in the SCS disputes. U.S. officials consistently frame China's expansive claims and island-building as violations of the rules-based international order. A watershed moment came in July 2020, when the State Department formally aligned the U.S. position with a 2016 arbitral tribunal ruling under United Nations Convention on Laws of the Seas (UNCLOS). Secretary Pompeo declared that China's claims to offshore resources across most of the SCS were completely unlawful, explicitly rejecting the legitimacy of the nine-dash line. Since then, Washington has repeatedly stated that it will not accept Chinese actions that contravene international law. The U.S. has welcomed joint statements by allies and partners from the Group of Seven (G7), European Union, Japan, Australia, and India that call for upholding UNCLOS and freedom of navigation in the SCS.

While the U.S. itself has not ratified UNCLOS, it largely abides by its provisions and invokes its principles to critique China. For example, American officials frequently cite the 2016 tribunal ruling which favored the Philippines as legally binding, and urge China to comply which China thus far refuses. By rallying international support and spotlighting legal norms, the U.S. seeks to isolate Beijing diplomatically and reinforce an understanding that the SCS is governed by law, not by might. This diplomatic effort, coupled with U.S. military presence, signals to regional states that Washington will support them in standing up for their rights under international law.

The U.S. post-2018 strategy in the South China Sea has been to push back firmly below the threshold of war demonstrating resolve through military operations, bolstering allies to deter aggression, and wielding legal and moral arguments to uphold regional norms. This approach has not forced Beijing to relinquish its gains, but it has ensured that China's assertiveness is continuously challenged rather than passively accepted.

The coherence of Washington's approach lies in combining hard-power signals like U.S. ships and planes operating in contested waters with soft-power principles invoking international law and multilateral cooperation. In doing so, the U.S. has maintained pressure on China and reassured its allies that it is invested in regional security, even as the strategic rivalry endures.

Stability for the Great Powers, Insecurity for the Region

The interplay of China's consolidation and America's contestation in the SCS has produced a complex pattern of outcomes. At the level of China-U.S. relations, a wary strategic stability prevails that neither side has resorted to force against the other, nor they have managed to avoid direct military conflict even as they operate in close proximity. However, at the regional level, this same interaction has generated cumulative insecurity. Militarization has become normalized, local incident risks have grown, and Southeast Asian states face shrinking strategic space. In effect, we observe a dual phenomenon, a kind of deterrence equilibrium between Beijing and Washington coexists with an entrenched security dilemma that is burdening the region and could, if mismanaged, lead to escalation through miscalculation. One striking result of post-2018 interactions is that militarization of the SCS once considered extraordinary has become an accepted reality. China's military outposts, for instance, are now fait accompli.

The international community has been unable to reverse or freeze China's island fortifications; instead, other actors have effectively adapted to the new fact that Chinese missiles, radars, and jet aircraft are permanently stationed in the Spratlys and Paracels. This normalization was not achieved through any diplomatic agreement, but rather through continuous Chinese action

met with cautious U.S. pushback that fell short of use of force. Every U.S. FONOP that transits near a fortified Chinese reef without incident tacitly underscores that these outposts are now part of the landscape even as the U.S. insists it does not recognize Chinese sovereignty over them. Meanwhile, U.S. naval and air patrols have themselves become routine events that Chinese forces expect. The day-to-day environment in the SCS is one of managed tension, serious incidents or shooting encounters are avoided, yet military and paramilitary postures remain forward-deployed and on high alert.

Chinese and American forces frequently come into unnervingly close proximity on several occasions Chinese warships and aircraft have engaged in unsafe maneuvers near U.S. counterparts, though so far without catastrophic incident. Both sides exercise restraint to avoid a direct clash, for instance, naval commanders adhere to the Code for Unplanned Encounters at Sea (CUES) when possible to prevent incidents, reflecting a mutual desire to avert a military crisis. This brittle stability at the strategic level sits atop a constant undercurrent of tactical friction. The fact that Chinese and U.S. military platforms operate in the same congested space means a risk of accident is ever-present. Indeed, analysts often point to the SCS as one of the likeliest sites for an inadvertent clash between the U.S. and China. Thus, even as deterrence holds war at bay, the overall situation is far from peaceful. The region endures a perpetual state of tension just below the threshold of direct conflict. This situation reflects a classic stability–instability paradox i.e strong mutual deterrence at the great-power level allows lower-level tensions and conflicts to play out more intensely.

On the strategic plane, Beijing and Washington have so far managed to avoid direct hostilities. There is a mutual recognition of red lines as for example, the U.S. does not attempt to expel China from its occupied features by force, and China to date has refrained from attacking U.S. Navy ships or aircraft outright. Both sides are nuclear-armed, which imposes caution and an imperative to prevent any clash from spiraling. This dynamic has been compared to a Cold War-style stalemate where neither superpower wants war, so both accept a degree of tension in lieu of open confrontation. Yet that very stalemate enables and even encourages competitive moves at lower levels.

Chinese forces have been more willing to exert pressure on Southeast Asian neighbors, assuming correctly, so far that the U.S. will respond with diplomatic support and maybe military show-of-presence, but not with force against China. Likewise, the U.S. feels emboldened to conduct aggressive intelligence gathering and freedom-of-navigation sweeps, counting on China to protest loudly but ultimately avoid firing on U.S. units. No one expects a full-scale China-U.S. war to erupt in the SCS in the near term, but all regional actors feel the daily strain of militarized peace.

Local coast guards and fishing fleets find themselves on the front lines of great-power competition, raising the risk of sparks at the local level. A minor collision or miscalculation involving these proxies could escalate unpredictably. For instance, if a Chinese coast guard confrontation with the Philippines resulted in loss of life, Manila might invoke its defense treaty and request U.S. military assistance – suddenly bringing great powers to the brink over a local incident. Even short of such extremes, the persistent incidents of harassment of fishermen, close passes of ships, laser targeting of aircraft erode trust and heighten the chance that one day a tactical commander might overreact. In essence, peace exists in a fragile form – maintained by restraint at the highest level, but threatened by constant pressure and potential flashpoints at lower levels. This unstable equilibrium has effectively become the new normal in the SCS.

One consequence of these dynamics is the diminishing strategic autonomy of Southeast Asian states. Countries that once hedged between China and the U.S. now find it increasingly difficult to avoid choosing sides. Long-standing hedging strategies are faltering as China's predominant influence and the China-U.S. rivalry narrow the region's room for maneuver. Southeast Asian governments face a dilemma, pushing back against Beijing's actions can risk economic or military retaliation, but acquiescing to Chinese dominance erodes their sovereignty and encourages deeper U.S. involvement. ASEAN's unity has frayed under this stress, leaving individual states to make hard choices in an increasingly polarized environment. For example, the Philippines after initially tilting toward China reinvigorated its U.S. alliance when Chinese maritime pressure persisted, whereas Cambodia and Laos have aligned more closely with Beijing, undermining ASEAN consensus. In short, the interactive competition is squeezing Southeast Asian strategic space, forcing realignments and heightening anxiety among regional leaders.

The net effect of the China-U.S. interaction, therefore, is a region that avoids the worst-case scenario of great-power war but experiences ever-growing insecurity in other forms. Militarization has been normalized, crises at the superpower level have been averted, yet local states feel less secure than before. The stability-instability paradox is alive in these waters, the very success in avoiding war due to deterrence creates an environment where intense rivalry and low-grade conflicts become routine. The inability of multilateral mechanisms to resolve or even mitigate the disputes means the default is action–reaction dynamics. ASEAN, for instance, has struggled to present a united front – as evidenced by its silence following incidents like the 2023 water cannon event, where ASEAN could not collectively respond. Coordinating a concerted position on the SCS has proven formidable for ASEAN, largely because its consensus-based decision-making allows internal splits as some members tilt toward China to paralyze collective action. As the China-U.S. competition intensifies, the geopolitical buffer ASEAN once provided is rapidly shrinking. Instead, the South China Sea is increasingly an arena for unilateral and minilateral actions as the great powers act or negotiate directly, and smaller groupings like the Quad take on greater security roles, bypassing ASEAN. In effect, regional order is being shaped more by power moves than by inclusive diplomacy.

Implications for Regional Security

The current trajectory of China-U.S. strategic competition in the SCS carries profound implications for the regional security order. These implications are structural and largely negative for regional stability. Three interlocking outcomes are especially noteworthy, the erosion of maritime norms and international law, rising asymmetric escalation risks, and the weakening of collective security mechanisms particularly ASEAN centrality. Together, they suggest a drift toward a less stable and less governed maritime environment in Southeast Asia.

China's continued defiance of UNCLOS and militarization of the SCS are eroding important maritime norms. The failure to resolve disputes diplomatically is undermining international law and encouraging destabilizing arms buildups. For example, Beijing's outright rejection of the 2016 arbitral tribunal ruling which invalidated its nine-dash line claim demonstrated how a major power can flout binding international legal judgments. If rules continue to give way to power, a might-makes-right logic could displace the rule of law at sea. Already, the perception that international law cannot constrain China's behavior is spurring regional military modernization essentially an arms race at sea. Unchecked, such trends will further weaken the authority of institutions like UNCLOS and embolden other actors to ignore legal norms when convenient.

Even without a deliberate war, the competition has increased the risk of an incident sparking conflict. A minor clash between China and a smaller claimant like, a collision or skirmish at sea could spiral out of control, especially if it involves a U.S. ally. For example, a confrontation involving Philippine forces might trigger U.S. mutual defense obligations, quickly internationalizing a local dispute. The prevalence of close encounters and aggressive maneuvers like ships coming within meters of each other or aircraft buzzing further raises the danger of accidents leading to unintended escalation. The risk is not that Beijing or Washington will choose war in the SCS, but that a chain reaction set off by lower-level actors could drag them in. This danger is compounded by the asymmetry in many encounters. Chinese vessels vastly outmatch Southeast Asian forces, which could lead to misjudgment or China might underestimate a small state's resolve, or a smaller state might over-rely on expected U.S. backup. In short, the competitive status quo has created a powder keg of sorts one that deterrence keeps mostly contained, but where a single spark could be disastrous.

Regional institutions have struggled to cope with the strain of China-U.S. competition. ASEAN's consensus-based approach has proven unable to address the SCS disputes tellingly, it remained silent after the 2023 water cannon incident. Divisions within ASEAN with some members' dependent on China and others directly threatened by it make it difficult for the organization to take strong collective action. Notably, ASEAN's attempts to negotiate a binding Code of Conduct with China have made little progress over two decades, reflecting how internal divisions and Chinese influence hamper collective solutions. New security mini-laterals such as the Quadrilateral Security Dialogue (the Quad) and the AUKUS pact have gained prominence amid the great-power rivalry, undercutting ASEAN's traditional central role. States in the region increasingly look outside ASEAN to external powers or smaller groupings for security guarantees. This trend undermines the collective security architecture Southeast Asia has relied on, leaving a leadership void in managing the SCS issue. In the long run, a marginalized ASEAN could lead to a more brittle regional order, as there would be no neutral broker or inclusive forum capable of diffusing tensions or crafting shared norms.

Conclusion

Barring significant shifts in policy or leadership, both China and the U.S. appear committed to their current approaches. This suggests that the SCS will remain militarized and tense. The SCS has entered a long-term phase of stability–instability coexistence as the two great powers avoid direct war, but their ongoing strategic competition short of war is generating an entrenched maritime security dilemma. Intense competition becomes the new normal, and that normalcy is fraught with friction.

For Southeast Asian nations, this equilibrium is particularly burdensome. Their strategic autonomy has narrowed as the space for hedging or collective neutrality shrinks. They face the prospect of enduring heightened tensions not of their own making, and of navigating between a rock and a hard place by balancing economic ties with China against security ties with the U.S. The absence of outright war between the superpowers might be cold comfort to these regional states, which bear the brunt of maritime coercion and must constantly calibrate their policies to avoid provoking either side.

The SCS's future seems to be one of protracted strategic competition. It is not on a clear path toward either conflict resolution or armed conflagration. Instead, it is headed toward an entrenched security dilemma in which risk is managed but not eliminated. Both Beijing and Washington have achieved some objectives without fighting. China has expanded its foothold, and the U.S. has upheld freedom of navigation yet neither can win outright under the current conditions. Their competition is set to continue, short of war but short of peace as well. A

lasting peace in the SCS would require breaking out of this security dilemma cycle a daunting challenge that would demand genuine trust-building and restraint by both great powers and regional players. Whether such a shift is achievable remains uncertain in the near future.

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