



REPORT

ASIA

**Navigating the U.S.-China Rivalry
and Asia's Fragile Security Balance**

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Introduction

The 21st century brings a familiar yet intensified global tension: a rising power, China, confronting an established one, the United States, with Asia at the crossroads. For nations like Japan, South Korea, Pakistan and India, this renewed great-power rivalry signals a turning point, forcing these states to make delicate choices in a world where alliances are no longer unambiguous shields but complex webs of risks and benefits. While navigating the U.S.-China rivalry, trade, in addition to security, also remains a defining factor in how middle powers in Asia navigate the complexities of the U.S.-China rivalry, compelling them to make choices that are both strategic and deeply consequential. For South Korea, the United States remains an indispensable security ally, yet China's role as its largest trading partner creates a delicate balancing act that defines its foreign policy. Pakistan faces its own nuanced reality, relying on China not only as a steadfast security partner but also as a vital economic ally, all while sustaining significant trade relations with the United States. India, too, offers a compelling paradox. Despite heightened border tensions and strategic competition with China, trade between the two countries remains substantial, with China as one of India's largest trading partners. This uneasy economic interdependence reflects a broader regional dynamic where security and trade are often at odds, yet inextricably linked. These intricate interplays of economic reliance and security imperatives underscore the profound and often precarious decisions that nations must make in Asia's evolving geopolitical landscape.

The Thucydides Trap and Asia's Precarious Balance

[The Thucydides Trap framework](#)—suggesting that when a rising power threatens a ruling one, conflict may become very likely—casts a long shadow over today's Asian security landscape. The U.S.-China competition touches nearly every facet of regional politics, setting up a delicate balancing act. In this arena, alliances hold immense potential both to prevent and to provoke conflict, depending on how they are managed.

Across South Asia and East Asia, partnerships and alliances like the [U.S.-India defense cooperation](#) and the [U.S.-Japan security arrangement](#) provide critical security assurances but also risk amplifying fears of entrapment—being drawn into wars that nations might prefer to avoid. These fears arise when alliance commitments lack clarity, strategic objectives diverge, or historical mistrust fuels sovereignty sensitivities. For instance, India may perceive U.S. involvement as limiting its autonomy against China, while South Korea faces heightened risks due to the presence of U.S. troops on its soil, making any large-scale attack a near-certainty for broader confrontation. To mitigate these risks, allies and partners must establish clear red lines, invest in crisis communication mechanisms, and promote multilateral security dialogues to address local tensions outside of alliance frameworks. On the [Korean Peninsula](#), where escalation risks are particularly high, steps such as reconfiguring U.S. force postures for

defensive purposes and fostering direct U.S.-China communication channels can help reduce the likelihood of local tensions spiraling into global crises.

Strategic Realignments: Calculating Security in a Divided World

Countries like Japan, South Korea, India, and Pakistan are increasingly questioning their roles within traditional alliances. They understand that alliances are no longer clear-cut assurances of support; they are pathways embedded with compromise, dependence, and potential unintended consequences. As China's influence grows, these nations face an intensifying dilemma: *how to secure their interests without becoming pawns in U.S.-China competition.*

Recent efforts by India and China to pull back troops from disputed points along their Himalayan border offer a rare moment of [de-escalation](#) in an otherwise tense regional landscape. This step reflects both nations' recognition of the risks inherent in a prolonged standoff, especially as both are enmeshed in a broader U.S.-China rivalry. For India, which has been deepening its strategic ties with the U.S., this pullback signals an interest in maintaining strategic autonomy to avoid overcommitment to either the U.S. or China's strategic orbit. Similarly, for China, the move to ease tensions could be a calculated measure to prevent additional regional flashpoints amid its own competitive dynamics with the U.S. The pullback illustrates how smaller strategic recalibrations can offer temporary stability, even as the underlying U.S.-China rivalry drives regional actors toward difficult security choices.

Japan and South Korea, cornerstones of U.S. strategy in East Asia, are reconsidering the sufficiency of U.S. commitments in the face of an assertive China and an unpredictable North Korea. With a greater public discourse on self-defense and, in South Korea's case, even [nuclear armament](#), these allies are subtly shifting from total reliance to a more self-reliant security stance. This recalibration isn't merely reactionary; it reflects a strategic calculus attuned to the potential pitfalls of one-sided dependencies.

While these countries scramble to balance, bilateral trade with the U.S. and China, introduces significant complexities forcing them to navigate a precarious balancing act. South Korea, for example, relies heavily on China as its [largest trading partner](#), while depending on the United States for its security. The fallout from the THAAD missile defense deployment—when China used [economic sanctions](#) to exert pressure—underscores how Beijing leverages trade as a tool of strategic influence. Pakistan faces its own version of this dilemma, relying on China as a steadfast [security and economic ally](#) through China-Pakistan Economic Corridor (CPEC), while maintaining vital trade ties with the United States. These intertwined dependencies leave nations walking a fine line, striving to shield their economies from vulnerabilities while safeguarding their security priorities.

Flashpoints and the Cost of Historical Amnesia

Throughout history, alliances have been both the foundation of peace and the catalysts of war. In Asia, regions like the Taiwan Strait, South China Sea, and the Indo-Pakistani border underscore the vulnerability of these alliances to rapid escalation. [The U.S. commitment to Taiwan](#), for instance, which obligates support against Chinese aggression by providing means to Taiwan to defend itself, raises immediate questions: Can an intervention be limited? How would China respond to even modest U.S. support for Taiwan's defense against a Chinese attack?

In South Asia, where nuclear-armed neighbors India and Pakistan maintain a fragile détente, the stakes are equally high. As India partners with the U.S. and Pakistan aligns with China while both countries simultaneously try to keep their options open, the historic balance of deterrence shifts with heightened risks for every actor. The lessons of history remind us that great-power rivalries often turn regional disputes into global conflagrations. Yet, history also teaches us that diplomacy and careful management of alliances can contain conflict, as seen in [U.S.-Soviet detente efforts](#) during the Cold War.

Pathways to Stability: A Strategy for Resilience

In this volatile context, how can Asian nations safeguard their interests without becoming entangled in great-power competition? The following strategies underscore a measured, forward-looking approach:

Firstly, by fostering a culture of multilateral security dialogues. Establishing structured dialogues that include regional and major powers could serve as essential channels for crisis prevention. These forums, focused on areas of frequent contention—such as the South China Sea or the Taiwan Strait—could encourage communication, transparency, and collective management of flashpoints before they escalate.

Secondly, stability in Asia cannot rest solely on security arrangements; it must also be grounded in regional economic cooperation. Multilateral platforms, such as ASEAN, offer valuable opportunities to address the challenges of economic interdependence, creating space for middle powers to navigate their trade dependencies with greater balance. For countries like South Korea and Japan, regional trade agreements could provide a buffer against overreliance on China, giving them more room to maneuver economically while maintaining their security commitments. Similarly, Pakistan could benefit from broadening its trade partnerships, reducing its vulnerability to shifts in the dynamics of its relationships with both China and the United States. By weaving economic collaboration into the regional fabric, nations can build a more resilient foundation for long-term stability.

And lastly, by learning from historical patterns. The Cold War taught us that enduring rivalries require enduring frameworks for dialogue and crisis management. Applying these lessons to the U.S.-China rivalry, regional middle powers can leverage diplomacy to avoid polarization and maintain agency. They can employ historical insights to craft strategies that mitigate rather than exacerbate tensions, positioning themselves as stabilizing forces rather than passive observers.

Navigating the Balance Between Risk and Assurance

The U.S.-China rivalry has left states in Asia at a pivotal juncture, where the stakes are not merely regional but global. These nations must decide: will they rely solely on existing alliances, or will they diversify and adapt their strategies to suit a more unpredictable world? This moment requires nuanced, calculated approaches that transcend binary choices, fostering a balanced regional security that does not compromise sovereignty for stability.

The strategic decisions made today will shape Asia's security and economic architecture for generations. Policymakers, drawing on the lessons of history, face the challenge of fortifying alliances without triggering new conflicts. If Asia's leaders can skillfully manage this balance, they may not only avoid the pitfalls of history but forge a new path toward lasting regional peace in an era marked by global competition and uncertainty.

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