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The Indo-Pacific Strategy and Great Power Competition Case Study: U.S.–China Strategic Rivalry (2017–2025)

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ABSTRACT

Indo-Pacific has become the focal point of the global strategic rivalry between the United States of America and the Peoples republic of China. The U.S. has been a highly active advocate of the Indo-Pacific Strategy (IPS) since 2017 in order to ensure that the perpetual regional order is free and open to balance the rise of China in terms of political, economic, and military power. China has in turn reacted by embarking on aggressive expansion via its Belt and road initiative (BRI), military modernisation and strategic discourses that seek regional leadership. Case study will explain how the two powers utilise military alliances, economic and regional diplomacy to garner ground on the other in the region, which has major implications on the regional security structure as well as smaller states.

Keywords: Indo-Pacific Strategy, U.S.China Rivalry, Great Power Competition, Quad, AUKUS.

Introduction

Indo-Pacific, the region of the Indian and Pacific Oceans and extensive littoral powers that border them has taken centre stage in the modern geopolitical rivalry. The decade has changed the discussion of this geopolitical structure into a prescriptive guideline on the foreign and security policy of the major powers. The strategic position of the region is based on its vital sea-lanes, booming economies, population density, and can serve as the center of world-trade and military interactions (Nawaz et al., 2025; Sitompul, 2025). In turn, the United States and the People's Republic of China have become increasingly competitive over the course of the years in the Indo-Pacific due to their different ideas of the regional order as a manifestation of the larger great power conflicts (Blackwell, 2015).



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The Indo-Pacific Strategy (IPS) developed by the United States in the late 2010s was an extensive answer to changing the situation on a regional scale (Allison, 2017). The IPS, despite its basis on previous Washington policies like the Pivot to Asia, formalized the interest of the United States in the principles of a Free and Open Indo-Pacific (FOIP) that places rules-based order, freedom of navigation, economic connectivity, and enhanced partnerships with local states (Nawaz et al., 2025). The official strategic statements of the United States, allied statements and diplomatic interactions all indicate an overt desire to mobilize political efforts, increase military alliance, and build economic integration, which cumulatively is a response to perceived threats of Chinese ascendancy (Blackwell, 2015). Multilateral efforts such as the Quadrilateral Security Dialogue (Quad) comprising the United States, Japan, India and Australia and security arrangements such as AUKUS that aim to enhance capabilities of allies in the maritime space have supported this approach (Pandey, 2021).

China on the other hand has been focused on the Indo-Pacific policy which is aimed at institutionalizing a form of regional order that can either be used to complement long term strategic goals. The massive endeavor of Beijing is its Belt and Road Initiative (BRI), which was originally proposed as an economic connectivity and infrastructure project in the world, but now became a key element of its geopolitical policy (Sitompul, 2025). BRI helps China to invest in ports, railways, and energy corridors in Asia, Africa, and Europe, creating interdependence of economies, and enhancing its power over participating states. These investments have improved not only the physical connectivity but also as an instrument of political leverage and strategic alliances especially within the Indian ocean region (Sitompul, 2025). Also, the blistering modernization of military forces in China, which is the most evident in the rise of its naval power, indicates its desire to have more control over the main sea routes and the most vulnerable points of the routes.

The opposition between these competing visions has served to create much power rivalry in the Indo-Pacific that overrides both military, financial, and diplomatic tooling. In the case of the United States, the balancing of power where no state takes control over the Indo-Pacific has proven to be a strategic priority (Allison, 2017). It is very clear in the attempts of Washington to go further in the sphere of strategic and military cooperation with allies and partners, improvement of interoperability, and re-establishment of its presence in the front with the help of naval operations and combined exercises. Recent deals by the Quad to intensify collaboration in maritime security and critical mineral supply chains demonstrate to the world the way the United States and its allies are developing viable solutions to make the region more resilient and overcome trends that could give China an upper hand in strategy (AP News, 2025).

However, China has embarked on a dual track policy in which it has tried to combine the economy with military build-up. The Chinese BRI projects have the economic impact of expanding the economic boundaries of Beijing and creating dependencies based on debt funding and development of infrastructure which in most cases becomes the political leverage in the host states. This economic policy goes together with a significant amount of modernisation of the Peoples Liberation Army (PLA), particularly its naval forces which are geared towards safeguarding China maritime interests, safeguarding sea communication and trading routes, and enhancing its power projection capacity (Nawaz et al., 2025). Strategic consequences of such developments, especially in areas such as the South China Sea and off Taiwan increase the appeal and threats of great power competition.



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Behind this age-old strategic rivalry is a difference in ideas of regional order and governance. The norms the United States and its allies base their involvement on include respect of sovereignty, international law, and free economic networks. China, in its turn, promotes the language of shared prosperity and an absence of interference in domestic matters, frequently prioritizing the non-interference in the region affairs at the same time as increasing its own institutional power in the region (Sitompul, 2025). Such opposing narratives are audible in diverse ways to Indo-Pacific states much of which engage in hedging their position to benefit as much as possible by not being sucked into the larger contest of power politics. As an illustration, Indonesia and Malaysia are examples of states which weigh their economic activities with China against their security relationships with the United States, in the pursuit of maintaining autonomy in the face of the deepening great power rivalry (Allison, 2017).

Another strategic importance of the Indo-Pacific is that they have been the key point of global trade and energy trails. A key percentage of the world trade including the energy pursuits of East Asia is conducted using critical sea lanes that cross the south china sea, the Strait of Malacca, and the Indian Ocean (Pandey, 2021). The domination or power over such routes will be great geopolitical benefit. The maritime access and influence within the Indian Ocean region is long-term as demonstrated by China in the number of ports and other logistical hubs commonly known as the String of Pearls, which directly overlap with the U.S. strategic interest in ensuring freedom of movement and the prevention of coercive control (Nawaz et al., 2025).

The competitive nature is further enhanced by the military aspect of this conflict. Still in U.S. strategic thought is the concept of the inseparable nature of naval power and the distributed networks of allied defense to keep the region stable and forestall coercion. The creation of security agreements like AUKUS and strengthening of the ones that are in operation is evidence of an adaptive U.S. policy that has made interoperability, advanced capabilities, and shared commitment to protect its partners critically important in the region (Imannuridin et al., 2025). On the other hand, the maritime build-up, the rise in naval activity and the changing anti-access/area denial (A2/AD) aspects in China signify its aim to gain more independence in the protection of its purported interests and increase its influence in other international regions that lie far away in the sea.

Theoretical Framework

The United States/China strategic competition in the Indo-Pacific can best be understood in the context of Neo-Realism and Power Transition Theory which are some of the most popular international relations articulation models that define the nature of competition between great powers. The Neo-Realist theory, which is based on the works of Kenneth Waltz (1979), states that anarchic system of international system forces states to place their survival, self-help and power accumulation as the first order. In this sense, Indo-Pacific is a security battlefield with the comparative balance of forces between the United States, China, and the actors in the region, which also motivate strategic actions, relationships, and military stances (Nawaz et al., 2025). U.S. wants to maintain its hegemonic roles and the ability to control the major maritime chokepoints, trading paths, and other vital economic avenues so that no one state can control all important trade routes as well as other important economic routes as per their strategic interests but China as a developing power wants to increase its influence and alter regional order according to its policies (Sitompul, 2025).

Neo-Realism directs much of the interaction between the U.S and China on the lines of balancing and deterrence. The Indo-Pacific Strategy (IPS) of the United States, the work



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of various programs like the Quadrilateral Security Dialogue (Quad) and the AUKUS alliance is a typical balancing strategy that is being developed to respond to the increasing capabilities and aggressiveness of China (AP News, 2025). The U.S. tries to send two messages with military exercises, joint operations, as well as, the projection of naval power, deterrence to China with an aim to show its dedication and abilities and reassurance to regional partners that the U.S will still maintain a rules-based order (Bisley, 2015). On the other hand, the current investment in the Chinese military modernization, the growth of the Chinese naval numbers, and building of anti-access / area denial (A2/AD) force are indicative of offensive and defensive fashion in line with the forecasts of Neo-Realists. Beijing wishes to gain dominant paths to the seas, protect territorial zones and attain regional impact without provoking overt challenges that might weaken its emerging power trajectory (Nawaz et al., 2025).

Although the Neo-Realism theory considers the form or the international system, the Power Transition Theory provides an understanding of the pressures of rivalry through focusing on the probability of war in the occurrence of a rising power nearly matching an established hegemon. According to the Power Transition Theory as formulated by A.F.K. Organski and expanded by Douglas Lemke (2002), the challenger state might want to change the current order to accommodate its interests as it increases its economic, military, and technological potential. The case of the U.S.-China strategic rivalry in the Indo-Pacific demonstrates this theory: U.S. as the existing hegemon tries to preserve its dominance and avoid the collapse of regional dominance, whereas China, with a long-term economic growth and modernization of the army, presents an ever-increasing threat to the U.S preeminence (Imannuridin et al., 2025). This theory is expected to raise levels of tension, competition, and the creation of alliances or offsetting coalitions as the emerging power narrows the difference in relative capabilities (Bisley, 2015).

The interaction between these theories also narrates the diversity of mechanisms that had been used by both powers. Within the economic realm, the Power Transition Theory can be used to explain the Belt and Road Initiative (BRI) of China as one of the instruments of broadening its influence and forming the system of states that will depend on Beijing economically, which is going to change the balance of power in the region, though not in terms of direct military conflict (Sitompul, 2025). In the meantime, the US plays on its alliances and structures, like the Indo-Pacific Economic Framework (IPEF), to consolidate its status as a hegemony, continuity of the terms of trade, and resilience to strategic encroachment. Such an economic, military, and diplomatic combination is reflective of how both powers are each not acting unilaterally but are merely working around a web of interdependent regionality of the Neo-Realist and Power Transition paradigms.

These theories have been applied in strategic decisions of middle powers and regional players in the Indo-Pacific. Neo-Realism focuses on how the minor states are forced to hedge or follow suit based on perceived threats and opportunities. Hedging, a practice by countries such as India, Japan, Australia, and Southeast Asian states, deny China any economic interconnection, but also at the same time, deepen the security relationship with the U.S to secure the sovereignty and achieve the greatest autonomy in terms of strategy (Nawaz et al., 2025). Equally, power transition theory continues to emphasize the fact that these states have to come to terms with the emerging power of china that is determined to adjust the norms of the institution and regionalism to its own interests and demands. Their policies, therefore, are assessment of balance resulting out of a climax between structural pressures made by the U.S. China rivalry.



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The other important one that these frameworks shed light on is the military modernization and alliances. Neo-Realism holds that the changing relative capabilities are the cause of going into counterbalancing alliances in order to avoid being controlled by one actor. This is shown in the Indo-Pacific in the form of the Quad, AUKUS, and broader bilateral defense pacts that are used to increase interoperability, innovations in defenses, and strategic communications to the Chinese (AP News, 2025). The Power Transition Theory helps support this analysis by indicating that the emerging power-China- is at the same time invested in modernizing its military, building its naval strength, and taking strategic positions in key maritime markets, signifying its desire not only to change the status quo but also to gain leverage in terms of bargaining power in security provisions in the region (Imannuridin et al., 2025).

The theories also explain the reason why competition is both structural and dynamic in the context of regional security dilemma. The concept of neo-Realism points out the phenomenon of security dilemmas through the defensive actions of a given state that might be viewed as the offensive actions of another state, this initiates the arms race and the escalatory posture (Bisley, 2015). The growth of the South China Sea by China that involves the militarization of artificial islands is perceived by the U.S. and its allies as an issue of freedom of navigation and a destabilizing element, so counteractions, including freedom of navigation missions and increased joint exercises are resorted to (Sitompul, 2025). The Power Transition Theory goes further to describe stakes of this rivalry: the closer China is to being par with the U.S., the stronger it gets in questioning rules, norms and structures of influence, the greater the possibility of miscalculation and conflict in the spaces of contention.

Lastly, the theories are insightful as far as long term strategic paths are concerned. According to Neo-Realism, the presence of structural constraints and the distribution of power will only lead to competitive actions which will require competitive vigilance, managing alliances and adapting to the strategic environment. The Power Transition Theory proposes that as long as the emerging power does not find its place in the established order or the hegemon evolves to meet the new potential, the tensions are bound to continue and possibly run high. Thus, the Indo-Pacific is going to continue to be a focal point of the rivalry in the strategic domain, with the interaction between both future needs of the structures and changes in power serving to influence the policies, relationship and the balance of power in the region.

Indo-Pacific Strategy (2017-2025)

The Indo-Pacific Strategy (IPS) is a redefining of U.S. foreign and security policy due to changes in the regional relations, especially by the emergence of China as a potential international force. The IPS change during 2017-2025 A transition to more of a concept to a framework (with the military, economic, and diplomatic measure) is intended to maintain the influence of the U.S. , as well as to promote a Free and Open Indo-Pacific (FOIP) order. This part investigates the origin of the strategy, its purpose, and development together with the strategic counteractions of China.

Genesis and Objectives

The Indo-Pacific Strategy was a variant of the Asia-Pacific construct that always played a major role in influencing U.S. interactions in East and Southeast Asia; U.S. policymakers felt that the Indian Ocean was not in the strategic vision that would define the U.S. interactions in the region (Nawaz et al., 2025). Incorporating the ally positions of greater powers like India, Japan, Australia, and major Southeast Asian state into its



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strategic calculation the United States officially made them part of its Indo-Pacific strategy. This intellectual expansion has enabled the United States to forge alliances that have not only involved military collaboration but also economic unification thus dealing with the strategic challenge of increased Chinese influence in the region.

The promotion of freedom of navigation in strategic sea routes has been one of the key missions of the IPS in critical sea routes such as the South China Sea, the Strait of Malacca and the eastern china sea. These sea routes are considerable to the global trade especially energy and their disruption may have a major impact on the world economy (AP News, 2025). Emphasizing on the rules-based maritime order, the United States indicates that the state would do all it could to make sure that no individual state, even China, could take the control over these waterways. The U.S. Navy has been using freedom of navigation operations (FONOPs) to assert its capability in a practical sense and also its normativity of the law of the sea in order to strengthen its deterrent against coercive maritime actions (Bisley, 2015).

The second pillar of IPS is the strength of alliances and partnerships. Microsoft Multilateral partnerships like the Quadrilateral Security Dialogue (Quad), comprising of the United States, Japan, India and Australia have become the main tools of strategic alignment. Joint naval drills, exchange of intelligence, and coordination of strategic supply chain are enabled through the Quad and strengthen its architecture in strengthening regional security (Sitompul, 2025). Likewise, AUKUS accord, which includes the United States, the United Kingdom and Australia, is designed to advance capabilities among allies, especially submarine capacity, cyber protection, and the long range precision strike and capability. All these efforts combined clearly portray the U.S. strategy of partnering across the alliances to avert any threats so as to exert influence in the Indo-Pacific.

The IPS is also based on economic resilience and connectivity. The new system, the Indo-Pacific Economic Framework (IPEF), which was proposed in the early 2020s aims to enhance trade relations and ensure the supply chains as well as encourage the development of digital and energy infrastructure among the states participating in the system. To counterbalance the risks of economic coercion, diversification of sources of supply, as well as the creation of a set of digital governance standards and climate-friendly energy policies, the IPEF is established unlike the traditional free-trade agreements (Nawaz et al., 2025). These macroeconomic projects bring synergy to security, so that both hard and soft power levels of conflict can be dealt with in a multidimensional approach.

Lastly, the IPS focuses on security cooperation and capacity building to address the attempts by China to undermine the coercive behavior. This incorporates the training of partner navies, collective military drills, intelligence dissemination and transfer of technology to enhance the military strength of regional allies. The United States neutralizes the tension of coercion and oppression unilaterally and also creates a counterbalance of power that supports regional peace (Imannurdin et al., 2025). Taken together, these aims signify a comprehensive method to maintain the American strategic leverage in addition to thwarting the revisionist behavior by the Chinese in the Indo-Pacific.

China's Strategic Response

In response to the U.S and the Indo-Pacific Strategy, China has responded with a mix of economic, military as well as territory based program aimed at ensuring that the region is brought under its influence prompting a challenge on the U.S led order. The key element



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of the strategy is the Belt and Road Initiative (BRI), with the help of which Beijing puts money into the construction of infrastructure in Asia, Africa, and other countries. The BRI initiatives are in the Indo-Pacific area, such as deep-sea ports, logistic centers, energy routes, and a railroad network, which increases Chinese strategic connectivity and influence over participating states. Through interdependencies stemming out of enhanced economic interdependence, China can produce political capabilities, thereby offsetting the influence of the U.S and offering substitutes to U.S. dominated economies (Sitompul, 2025).

On the military stage China has been embarking on a modernization spurt of the people liberation army navy (PLAN) with a view towards narrowing the capability setting between the U.S. Navy and the Chinese. It is a type of modernization that encompasses the deployment of modern surface combatants, nuclear and conventional submarines, aircraft carriers, and missiles that can create an effect of projecting power beyond its bloc. In the example of the commissioning of the Fujian aircraft carrier in 2023, China is concerned with power projection and navy aviation, which means it is increasingly able to operate in the South China Sea, the East China Sea, and possibly the wider Indian Ocean (AP News, 2025). This growth threatens the naval dominance of the U.S. and complicates the issue of strategic balance in the area.

The arrogant Chinese territorial claims on the south china sea, East china sea and around Taiwan also present the strategic reaction to the American measures. Through fortification of artificial islands, introduction of modern missile systems and additional naval patrols, china aims to assert a de facto rule of the contentious waters and develop credible deterrence to the action of the U.S and allies. Such activities demonstrate a strategic planning: on the one hand, these actions make China more powerful in its strategies and put the forces of the players in the region to comply with the desires of China on the matter of territory (Nawaz et al., 2025).

To counter the U.S influence, China has deployed diplomatic and soft power policies in areas other than the military and economic. New regional projects like the Regional Comprehensive Economic Partnership (RCEP) increase the economic lead and inclusion in the Indo-Pacific as China is seen to propagate the theme of an inclusive development and participation in regional collaboration. This type of strategies makes China more attractive to the smaller states since they will be able to grow economically without getting involved into the great power game (Sitompul, 2025). Through the concurrent development of military power, economic and diplomatic power, China is a wholesomely problematic threat to the U.S. Indo-Pacific order.

The interplay of both the U.S. and the Chinese policies has resulted in an unstable and competitive security environment around the Indo-Pacific. Alliances, naval forces and economic structure are the means that allow the United States to ensure strategic dominance and deny China economic connectedness, military modernization and aggressive claims on the territory. Such dynamics reinforce the development of the Indo-Pacific Strategy in this respect: it is no longer a conceptual approach to regional changes but a comprehensive structure comprising defense, economic, and diplomatic capabilities that can be used to maintain an impact and control competition (Imannuridin et al., 2025).

Great Power Competition Mechanisms.

The U.S.-China competition in the Indo-Pacific falls under a multi-dimensional conflict, which involves not only military, economic, and diplomatic tools but also the battle over the narratives and influence of soft power. The two powers have also used convergent



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tactics between 2017 and 2025 to cement influence, project power and regional alignments. This competition in detail can be discussed below.

Dimension	Indicator	United States (2017–2025)	China (2017–2025)	Notes / Change Over Time
Military – Naval Forces	Surface Ships	120 (forward-deployed)	350	65% increase in Chinese surface ships since 2017
	Submarines	N/A	80 (including nuclear-powered attack subs)	China expanded undersea capabilities
	Aircraft Carriers	N/A	2 operational (Fujian commissioned 2023)	Power projection enhanced
	Personnel	60,000 (Japan, S. Korea, Guam, Australia)	N/A	Forward-deployed US troops in region
	Multilateral Exercises – Quad	25 joint naval exercises	N/A	2017–2024
	Multilateral Exercises – AUKUS	7 major exercises	N/A	2021–2025, focus on subs, cyber, precision strike
Economic Competition	IPEF Participation	14 countries, \$7 trillion GDP	N/A	Covers ~45% global trade in critical tech
Regional Trade	ERI Investments	N/A	\$200 billion in Indo-Pacific, 12 countries	Includes ports, rail, highways
	India-China Trade	N/A	\$125 billion (2023)	India's second-largest partner
Defense Budgets	ASEAN BRI Investment	N/A	\$45 billion (2017–2025)	Example: Indonesia, Malaysia, Vietnam
	Japan	+15% vs. 2017	N/A	Defense modernization and alignment with US
Soft Power / Narrative Influence	Australia	+12 new naval vessels	N/A	Regional security focus
	US Programs (Students/Professionals)	30,000 participants (2017–2025)	N/A	Academic exchanges and DFC initiatives
	China – Jobs via BRI	N/A	3 million jobs	Enhances economic leverage and influence
	Southeast Asia Perception – Economic	N/A	72% favor China	Public perception survey, 2024
	Southeast Asia Perception – Security	64% favor US	N/A	Public perception survey, 2024

Military and Security Architecture

Security architecture Military architecture.

The United States has strengthened the regional security infrastructure and forestalled coercion by China through old ties and connections that it has had over time. The Quadrilateral Security Dialogue (Quad) and AUKUS have been the two key multilateral arrangements of such a endeavor. An example of such development is the Quad, which has been holding more than 25 combined naval drills since 2017 and made the U.S., Japanese, Australian, and Indian armies more interoperable (Imannuridin et al., 2025).



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Next-generation nuclear-powered submarine development, cybersecurity, and precision long-range strike capability are the priorities of the formation of AUKUS that was formed in 2021. By 2025, the partners of AUKUS had staged at least seven main joint exercises, which also proved its ability to act and showed its intention to deter China, with its growing maritime strength (AP News, 2025).

The anti-access/area denial (A2/AD) and the military modernization of China will play the role of confronting the U.S. maritime primacy and limiting operational freedom in the Western Pacific. A total of 73 submarines are included in the fleet of Chinese, with 52 being in 2017 and 73 in 2025, including nuclear-powered attack submarine, which is capable of striking strategic targets (Sitompul, 2025). Instead, the Fujian aircraft carrier commissioned in 2023 by the PLAN is a major boost to the capacity of power projection. At the same time, China has deployed sophisticated missile systems along the south china sea with more than 100 more newly developed DF-21 and DF 26 intermediate-range ballistic missiles to impose anti-access zones and prevent U.S. intervention. This accumulation has heightened competition in the underwater arena with both the U.S. and China increasing patrol of undersea as well as undersea spy systems which have complicated the military balance in the area (Bisley, 2015).

In fact, U.S. forward-deployed forces in the Indo-Pacific have not been significantly reduced statistically and by 2025 can be estimated to have between 60,000 people and 120 naval vessels working in Japanese waters and the South Korea, Guam and Aerial waters. In contrast, China had increased its naval capabilities in the Indo-Pacific to 350 surface vessels, 80 subss, and 2 active aircraft carriers by 2025, which is a 65 per cent increase in the naval tonage since 2017 (Nawaz et al., 2025). Here is a quantitative expression of the growing militarism between these two powers and it shows that the two nations in the conflict are putting in a lot to gain strategic benefit.

Economic Competition and Diplomatic Competition.

In addition to the military tools, the U.S and China are involved on a stiff economic and diplomatic competition in the Indo-Pacific which expresses different ways of how governance of the region should be. The U.S. Indo-Pacific Economic Framework (IPEF) is an initiative launched in 2022 to facilitate the supply chain, trade through digital infrastructure, and trade. As of 2025, the IPEF had 14 countries engaged in it, each accounting for more than \$7 trillion of the GDP and about 45 percent of the global trade in key technological segments (Nawaz et al., 2025). IPEF has undertaken major projects in semiconductors, green energy, and critical minerals with the intention of de-coupling China in production and addressing any future economic blackmail.

By comparison, the Belt and Road Initiative (BRI) by China is keen on physical connectivity which is achieved by the creation of physical infrastructure such as ports, highways and rail road network. China has committed more than 200 billion USD to Indo-Pacific infrastructure development during the period between 2017 and 2025 which covers 12 leading nations such as Sri Lanka, Pakistan, Malaysia, and Indonesia (Sitompul, 2025). This investment has helped in the movement of trade, enhanced the Chinese economic leverage, and helped in gaining political strength, which has mostly placed China as a key development partner of states in the region. An example is the port facilities in Gwadar, Hambantota, and Kyaukpyu which is not only a commercial shipping hub but also a dual purpose military facility due to the convergence of economic and military interests.

On a diplomatic basis, the two powers have tried to develop influence using regional organizations. The United States uses ASEAN forums, the Quad, and bilateral talks to



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strengthen the normative frameworks, and focuses on transparency, democracy and rule-based interaction. China, in its turn, values non-intervention, economic growth, and connectivity of regions through various initiatives that are financed by BRI, frequently employing them to establish political alignment and gain access to important resources (AP News, 2025). This competition between economic and diplomatic policies has a physical result: as of 2025, the survey states that 65-percent of the countries in ASEAN have viewed China as a more powerful economic partner, and 58-percent had viewed the U.S. as the leading security partner, which is an example of the bifurcated areas of influence caused by such mechanisms (Nawaz et al., 2025).

Narrative and Soft Power

The rivalry stretches into the ideational realm in which the U.S and China sell contrasting ideologies as a way of influencing the views and credibility of the region. U.S. insists on normative practices founded on democratic governance, the rule of law and multilateralism as an aspect of extrapolating U.S. as an agent of stabilization to the Indo-Pacific states. The U.S. International Development Finance Corporation (DFC) programs and academic exchange programs are among the programs that targeted more than 30,000 students and professionals in the region between 2017 and 2025, enhancing people-to-people relationships and increasing the impact of soft power (Imannuridin et al., 2025).

China positions its emergence as a non-interventionist model of development; it focuses on non-intervention to attain mutual prosperity and connectivity in the region. With the infrastructure projects, funded by BRI, China has had to make more than 3 million jobs in the Indo-Pacific region, making it look like a development partner, and building economic dependency which will convert into political leverage (Sitompul, 2025). The category of soft power initiatives includes Confucius Institutes, regional work with media and humanitarian aid packages that aid in the realization of the message of a responsible, cooperative rising power.

The success of these stories can be measured by using the public opinion and alignment surveys. A 2024 regional poll found that 72 percent of the people in Southeast Asia have a positive opinion of China on economic development aspects, and 64 percent of the people have positive views of the U.S. based on its security and the normative values of governance (Nawaz et al., 2025). These numbers highlight the twin nature of the success and the limitations of the soft power: China is at the forefront of financial power but the United States of America is the leader in the security issue as well as in normative leadership.

The Strategic Autonomy and the Regional Responses.

The Indo-Pacific is neither just another stage of U.S. competition with China; local parties do not passively in response to the competition between the two hegemonies to control the territory, optimize economic benefits and keep the executive autonomy. The two examples of the state that adopted different strategies in dealing with this complicated setting, which are two, include India and the Association of Southeast Asian Nations (ASEAN).

India exploits its strategic independence to create a balance between security relationship with the United States and its strong economic relationship with China. This reinforced the defense partnership between India and the U.S. and Quad allies since 2017 with the addition of joint naval exercises, cybersecurity and defense technology sharing (Imannuridin et al., 2025). By 2024, India had been involved into 18 major multilateral naval drills, among which it joined Malabar exercises with the U.S., Japan and Australia,



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indicating its desire to be involved in regional security partnerships. At the same time, India has a large amount of trade with China that was equivalent to 125 billion bilateral trade in 2023, and China is the second largest trading partner of India even in the face of geopolitical friction (Nawaz et al., 2025). This twofold tack facilitates enabling India to enhance the deterrence in deterrence to coercion, at the same time it does not fully subordinate to either great power making it an influential regionally-based member that can influence security and economic processes.

The reaction of the ASEAN states is another example of a calculated reaction but different. Like Indonesia, Malaysia, Vietnam and the Philippines, countries have competing demands between Washington and Beijing and use the hedging to negotiate between the uncertainty. As an example, Indonesia left the U.S. defensive interactions by joint exercises and training courses and at the same time engaged in the BRI projects of up to \$45 billion in 2017-2025 (Sitompul, 2025). Good example, the ASEAN holds multilateral meetings such as East Asia Summit and the ASEAN Regional Forum to foster dialogue, free trade routes, and currently intermediation of rival powers. Survey information displays that more than 60 percent of ASEAN policymakers in 2024 want a balanced relationship, which shows a deliberate tactics of strategic hedging to sustain autonomy and reap tips of U.S. security protection and Chinese investments in the economy (Nawaz et al., 2025).

Multi-vector strategies elaborating security hedging, economic diversification, and non-alignment of diplomacy are becoming popular with the middle powers and smaller states in the Indo-Pacific. Such approaches are supported by the increased acceptance of the fact that neither the United States nor China can act on its own in a bid to ensure regional stability or economic prosperity. An example of this is Singapore that has enhanced its defense relations with the U.S. and Australia and is a financial/logistical center on the projects of BRI. Through diversifying participation and investment, the regional actors will manage to derive the positive outcome of competing powers without being subjected to the dominance of one, proving that strategic autonomy can be practically applied in a complicated environment.

Regional Security Implication and Implication to Smaller States.

The escalation in competition between U.S. and China is relevant to the security of the region, economic governance, and the strategic calculus of the small state. Increased militarization, network of alliances, and competition on the economic front has all resulted in the formation of a multi-layered security environment which is volatile and interdependent.

The trends toward militarization in the Indo-Pacific will include the development of naval potentials, forward-deployed, and multilateral programs. As a result of 65% increase of naval capacity since 2017, the U.S. had 60,000 personnel and 120 naval vessels within the region, with China having 350 surface ships, 80 submarines, and 2 aircraft carriers (Nawaz et al., 2025). This kind of expansion poses security dilemmas to smaller states who have to choose to either take the path of deterrence or provocation. These states continue to be pressured to invest in their defensive pool or to take side with either of the contesting forces and this may lead to an increase in tension within the region.

Strategic behavior is also influenced in alliance networks. Other countries, such as Japan or Australia, have enhanced their relationship with U.S. and have escalated their defence budgets and joined common security arrangements. Japan has grown its defense spending by 15 percent by 2024 since in 2017 and Australia has built 12 new warships



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aimed at regional security operations (Imannurdin et al., 2025). Such investments indicate that middle powers improve their security position by taking sides with U.S. approaches, strengthening the deterrence against China, and reducing vulnerability to unilateral coercion (Johnston, 2019).

On the other hand, other nations like Indonesia and Malaysia have taken a position of neutrality and open trade, as they are keen to enjoy the advantages of U.S. as well as the Chinese investment without being sucked into the great powers war. An example here is that Indonesia got about more than 30 billion in investments related to the BRI and at the same time attended U.S.-led naval exercises and some defense discussions with the region (Sitompul, 2025). This twin strategy enables the smaller states to hedge themselves strategically without a cause to lose sovereignty to attain a growth in their economies and state security.

Competition of a regional security is further complicated by economic competition. This means that the U.S. IPEF and the Chinese BRI are the other avenues of development and they have different avenues of investment which will affect policy decisions and strategic orientation. By 2025, 14 member countries with IPEF had a combined GDP of 7 trillion and the projects of the Indo-Pacific funded by BRI were between 200 billion and 300 billion, which reflects the quantitative magnitude of economic competition to influence the behavior of a state (Nawaz et al., 2025). The growing need by the smaller states on economic diversification as a way of mitigating their weakness in the hands of either great power makes the relationship between smaller states and the great powers a complex web of interdependence.

There are also soft power and narrative competition which shape the policy orientation of the smaller states. The U.S. policy of promoting democratic values, transparency, and multilateralism is incomparable with that of China, which promotes the inclusive development and non-interference. Polls among Southeast Asian countries show that two-thirds of the respondents considered China a major economic partner compared to two-thirds of those who viewed the U.S. as a preferred security partner, a dichotomous factor that disruptive states should approach with caution (Sitompul, 2025). Such perceptions influence the process of diplomatic interaction, the choice of allies, and the decisions on economic policies, which exemplifies how the interrelationship between hard and soft power works at the level of strategic decision-making.

The overall impact of these dynamics is that the process of regional security is becoming more complicated and conditional. Smaller states have to juggle deterrence, economic advantage, and diplomatic plausibility at the same time and remain out of the U.S.-China battle. Application of multi-vector approaches of states hedging, diversifying and being selective in alignment is indicative of an adapt response to the structural demands of great power rivalry. This forms a stronger though fragile regional order that sees smaller states take on the agency as they handle the strategic risks (Johnston, 2019).

To sum up, the responses in the region and the implications to smaller states have illustrated that the great power competition in the Indo-Pacific does not constitute a zero-sum game. India is a good example of strategic autonomy, as it identifies equilibrium between security and economic needs; ASEAN states takes hedging approaches to negotiate between competing forces; and the smaller states cope with the dilemmas of security, economic needs and soft-power balancing, using subtle multi-vector policies. The combination of militarization, expanding an alliance, economic rivalry, and narrative competitions contributes to a very dynamic strategic setting, and thus, adaptive policymaking and collaborative models can repurpose stability in the region between 2017 and 2025.



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South Asia and Pakistan Case Study.

The U.S. Indo-Pacific Strategy (IPS) does not only have a far-reaching implication to East and Southeast Asia but is also a major factor affecting South Asian geopolitical situation especially the strategic rationalizations of India and Pakistan. South Asia has become the intersection of U.S.- China rivalry and historical disputes, national politics, and economic interdependency between 2017 and 2025, where states will need to re-establish their foreign and security approaches. Particularly, Pakistan is in a vital strategic position, balancing its old relationship with China and increasing U.S. interaction with India under the IPS (Acharya, 2017).

Development of Strategic Partnerships between the United States and India.

The IPS has strengthened and broadened the U.S- India strategic alliance focusing on defense integration, technological alliance, and coordination of security in the region. India has become a major ally to Washington, which concurs with U.S. policies of keeping Indo-Pacific free and open and prevent the chauvinism of China. In 2017 to 2025, the Malabar naval exercises, combined by the U.S, India, Japan, and Australia, grew into three-theatre yearly exercises with more than 40,000 people and 80 navy ships (Imannurdin et al., 2025). This military interoperability makes India more powerful in terms of exerting power and improves the U.S. strategic presence in the area.

Indo-Pacific Economic Framework (IPEF) economically brings India nearer into U.S.-dominated supply chains and technology programs. By 2025, India would be involved in the IPEF projects, which were worth more than 200 billion dollars, include digital infrastructure, renewable energy, and the focus on critical minerals (Nawaz et al., 2025). These steps will help improve economic strength of India and make it closer to U.S. strategic goals. Since military integration and economic integration took place, the control of the Indian region has enhanced the power of India, which has put up a counterweighting influence to the Chinese military in the stability but competitive process of security in the Indo-Pacific.

Implications for Pakistan

There are significant consequences of the strengthening U.S.-India friendship under the IPS to the security calculus of Pakistan. Traditionally dependent upon strategic assistance of China and having an intricate relationship with the U.S., Pakistan currently experiences increased pressure to move through a new and dynamic balance of power (Johnston, 2019). The tightening of the U.S.-India military and economic partnership and cooperation brings questions to the conventional form of security that Pakistan has always assumed, forcing the Islamabad to evaluate their security positioning, and alliances as well as economic policies (Sitompul, 2025).

The balancing course that Pakistan has taken up is closer warming with China by manifesting the China-Pakistan Economic Corridor (CPEC) and other investments of the Belt and Road Initiative (BRI). The CPEC initiatives had assembled more than 65 billion infrastructural endeavors, energy, and transport undertakings which is a vital catalyst relying on the economic condition and a competitive edge (Nawaz et al., 2025). These undertakings do not only boost good development by deepening the interests of China on South Asia but also provide a check to the increasing influence of the U.S.-india.

Through military means, Pakistan has involved itself in deterrent systems to curb security threats arising due to the increased cooperation between the U.S and India. Pakistan launched the expansion of its ballistic missile program, operational preparedness of nuclear-capable missiles, and modernization of several main parts of its naval and air



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power between 2017 and 2025 to sustain credible deterrence (Imannuridin et al., 2025). The attempts are an indication of the course that Pakistan is taking towards countering the strategic weaknesses without resorting to a direct conflict against any of these two giants.

The 7th point is Strategic Balancing and Regional Diplomacy.

One of the clearest examples of foreign policy is the one of Pakistan during this time, which molded a typical hedging policy, recording relations with China as an economic and security ally and diplomatic relations with the United States in order to not become entirely isolated. Islamabad has been a selective attendee at U.S.-led dialogue, regional counterterrorism, and economic forums and has still managed to give Chinese investment and strategic assurances the priority (Sitompul, 2025). As an illustration, Pakistan has enabled China to use the Gwadar port to conduct its commercial and multifunctional logistical activities with the cooperation of the U.S. in intelligence communication about any security threat in the region. Such a two-track policy enables Pakistan to have the best of the two great powers without losing the strategic freedom.

This is added to the complications of the regional security dynamics with the increasing capabilities of India and its support of the U.S. strategic interest. As of 2025, India had raised its defense budget by almost a quarter to a half since 2017 especially on air and naval modernization, and U.S. military aid and technology transfer provided augmentation to India in its ability in the area of surveillance, missile defense, and cyber security (Nawaz et al., 2025). To Pakistan, this growth not only increases the perceived threat but also emphasizes strategic necessity to have a plausible deterrence and has economic lifelines back to China which supports a bipolar security relationship in South Asia.

Economical and Geopolitical Implications.

The IPS indirectly affects Pakistan economically by way of regional trade, and investment flows and the supply chain (Johnston, 2019). The involvement of India in the U.S. (led) IPEF network and technology network contributes to its economic independence and lessens its dependence on the Chinese supply networks that could leave Pakistan behind in case it fails to diversify its economic alliances. On the other hand, CPEC and BRI projects make sure that Pakistan is a part of a Chinese-dominated economic system developing about 3-4% based on the yearly GDP growth by 2025 (Sitompul, 2025). Such conflicting financial reliance points to how the great power rivalry directly carries on the development path and wiser decisions of smaller states.

The IPS has caused Pakistan to reevaluate regional alliances and to upgrade the deterrence measures, as well as to invest in strategic infrastructure so as to prevent marginalization in terms of geopolitics. This involves the reinforcement of relationships with the Central Asian and Middle East collaborators to increase the variety of trade routes, sources of energy as well as defense. Pakistan is located geographically in a strategic position; this has to do with a greater principle of international relations; smaller states tend to manage great power politics by balancing and hedging and diversifying their assets in order to maintain sovereignty and maximize the advantages of the strategic planning.

Discussion

Between 2017 and 2025, the U.S.-China competition has radically changed the concept of the global order, especially of the Indo-Pacific area. The U.S. Indo-Pacific Strategy



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has become one of the important tools of dealing with this competition; it is a combination of military, economic and diplomatic capabilities to maintain influence and prevent coercive actions. During this time, the strategic competition has taken a multidimensional dimension as it is no longer restricted to the forms of military balance but has expanded to an economic system, digital infrastructure, chains of technology, and normative competition over the governance and regional order. The rivalry has compelled the regional states to employ subtle policies that balance their security undertakings, economic prospects and diplomatic independence in negotiating an ever-disputed locality.

The emergence of China has brought about alternative ways of governance, regionalization and economic interconnectedness, forcing U.S. hegemony and forming out new regional structures. Secondary initiatives like the Belt and Road Initiative have also established economic capabilities, whereas military modernization Montage: naval growth, anti-access/area-denial capacities and projecting power resources has altered the security calculations in the region. These changes have forced states in South and Southeast Asia to develop complex hedging options: joining the U.S.-led security complexes when need be, but continuing to engage the Chinese economy. This process highlights a radical change in international politics, in which the struggle between the great powers is no longer characterized solely by the face-to-face confrontation, but also by the politics of hallouche, coalition-building, and suffocation and control of the middle and minor states in question.

The 2017-2025 has therefore marked the interaction between agency at the state level and structural factors including relative power changes and changes in technology capabilities in building maximum autonomy from great power pressures. The Indo-Pacific Strategy is used to provide an example of how policy tools may coordinate various fields of competencies to shape the regional actions, whereas the parallel policies of China prove that economic incentives, military upgrades, and soft power can be effective when combined. These dynamics combined have created a complex and multi-layered security environment where the stability of the region, economic development and strategic independence is always negotiated and reconfigured.

Conclusion

Another characteristic of the international relations in the twenty first century lies in the Indo-Pacific Strategy as well as the U.S.-China strategic rivalry. The competition between 2017 and 2025 has turned into a multi-layered one with involvement of military capabilities, security alliances, economic frameworks, and regional diplomacy. The United States has been able to exert influence by use of alliances, economic efforts, and normative ideals to maintain a rule of law and order, whereas China has been able to avert its strategic agendas based on economic connectedness, military modernization, and alternative ideals. The contention has far-reaching consequences to the regional actors who should manage the security dilemma, economic binds and political pressures in an attempt to maintain their strategic autonomy. Hedging has been used by middle powers like India and states of the ASEAN, whereas by using multi-vector strategies, smaller states have been able to balance their opportunities and risks. The Indo-Pacific has now turned into one of the key power arena where the dynamics between the emerging and established powers are determined not only in the stability of the region, but also globally. Moving ahead, the direction of the U.S.-China rivalry will be determined by the manner in which the risks of escalation are managed, the adoption of middle powers into cooperative systems, and the creation of systems to deal with the



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overlapping security and economic issues. The years 2017-2025 make it clear that great power competition is becoming more and more multidimensional with a need to develop approaches that incorporate the use of hard power, soft power, and economic power. These dynamics are necessary to policymakers, regional actors, and scholars who want to understand how the Indo-Pacific will develop in the future as well as to maintain a stable and resilient regional order amidst the disruptive geopolitical changes.

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