Global Power Shift

Enrico Fels
Truong-Minh Vu *Editors*

Power Politics in Asia's Contested Waters

Territorial Disputes in the South China Sea

Springer

Global Power Shift

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Ample empirical evidence points to recent power shifts in multiple areas of international relations taking place between industrialized countries and emerging powers, as well as between states and non-state actors. However, there is a dearth of theoretical interpretation and synthesis of these findings, and a growing need for coherent approaches to understand and measure the transformation. The central issues to be addressed include theoretical questions and empirical puzzles: How can studies of global power shift and the rise of 'emerging powers' benefit from existing theories, and which alternative aspects and theoretical approaches might be suitable? How can the meanings, perceptions, dynamics, and consequences of global power shift be determined and assessed? This edited series will include highly innovative research on these topics. It aims to bring together scholars from all major world regions as well as different disciplines, including political science, economics and human geography. The overall aim is to discuss and possibly blend their different approaches and provide new frameworks for understanding global affairs and the governance of global power shifts.

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Editors

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Part I
High Waves in the South China Sea

Chapter 1
Introduction: Understanding the Importance of the Disputes in the South China Sea

Enrico Fels and Truong-Minh Vu

When looking at Asia-Pacific, a regional power shift seems to be taking place. Probably the most notable feature of this is the rise of China as an economic powerhouse, a major military power as well as a proactive player in various multilateral institutions and fora. Multiple authors have rightly described China as one of the most important forces for change both at the regional and global level. China's widely discussed rise and the changing regional power balance caused by the Middle Kingdom's impressive development have indeed altered the global perceptions of the geo-politics and geo-economics of Asia-Pacific. On the one hand, this is due to the greater role China is now playing beyond its own region (i.e. in Europe, Africa and South America). More importantly, however, this is one the other hand also strongly related to the growing possibility that the US-led regional order in Asia-Pacific may be challenged (and permanently altered) by an increasingly confident Chinese leadership. This cannot only be exemplified by the installation of new intergovernmental bodies such as the Asian Infrastructure Investment Bank (headquartered in Beijing), the BRICS-operated New Development Bank (headquartered in Shanghai) or the

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Shanghai Cooperation Organization (headquartered in Beijing). At least equally important in this regard is also the fact that China is actively working towards shifting the established order in its nearby neighborhood.

The South China Sea (SCS),[1] which can be seen as China's front yard, is of particular importance in this context. Not only does it hold great economic value (e.g. due to its huge significance for global trade routes (Sea Lines of Communication, SLOC) as well as its often noted yet still hard to quantify riches of energy[2] and seafood), but is also significant to China's regional strategies and future regional role. Indeed, it is fair to say that the SCS is the essential part of the perhaps most important waterway of our time: the SLOC that connects Singapore with Northeast Asia. Already some years ago, the economic value and volume of the goods in this SLOC has surpassed that of the SLOC between Rotterdam and New York, which was the world's premier SLOC for more than a century. Importantly, around two thirds of the Asian route runs through the SCS. In many ways, the SCS is the maritime economic runway of the Asia-Pacific and essential for the region's future economic development.

By attempting to incorporate the SCS into the People's Republic as sovereign and undisputed Chinese territory, Beijing would essentially be able to put strategic pressure on SLOCs important for three regional US allies (Japan, South Korea and Taiwan), and gain a potentially very energy-rich area right at its doorstep, thus further reducing Chinese dependency on ship-based energy transports from the Middle East and Africa (which are strategically vulnerable to other nations' naval assets) as well as demonstrating to neighboring states the People's Republic's

[1] It should be noted that there are many names for this maritime area. While China calls it the 'Southern Sea' (Nan Hai), Vietnam depicts it as the 'Eastern Sea' (Biển Đông), and in the Philippines the area is also known as the 'West Philippine Sea' (Dagat Kanlurang Pilipinas). For the purpose of clarity this volume sticks to the name that is used in China, Thailand, Japan, Malaysia, Indonesia and many other countries worldwide and calls it the South China Sea.

[2] Although the amount of energy resources has been uncertain, the US Energy Information Administration estimates that 11 billion barrels of oil and 190 trillion cubic feet of natural gas may lie beneath the SCS. Importantly, the US Geological Survey estimates that gas resources yet to be discovered in the SCS could range between 70–290 trillion cubic feet and estimates oil resources in the SCS to be as high as 22 billion barrels. Importantly, however, only a small fraction of these resources are expected to lie within the u-shaped, infamous nine-dotted line China claims in the SCS. See Hayton (2015).

ability to considerably shape its 'near abroad'. Researchers have not only outlined the impressive rise of China's martime power[3], but noted that Chinese maritime thinkers like Admiral Liu Huaqing have emphasized the idea that in the SCS regional states are engaged in an intense competition over resource-rich areas and that China's navy has an important role to play in protecting Chinese maritime interests as well as turning China into a maritime great power.[4] Experts have also worried that the "countries surrounding the South China Sea, many of which are weak and politically divided, can do little to contest China's actions, especially since China is known to be quick to exert its power and influence".[5] In the same context it is also interesting to mention a conversation Arthur Waldron had with China's distinguished foreign minister Huang Hua (1976–1982) shortly after the end of the Cold War. During their conversation, they also discussed the disputed islands in the SCS and Huang reportedly stated that China "will pick them up gradually, one after another".[6]

The steps the PRC has taken since then to bolster its claims are manifold and range from symbolic acts like depicting the SCS (and Taiwan) as PRC territory in Chinese passports since late 2012, indirect arrangements like providing massive subsidies for fuel and navigation systems (relying on China's capable BeiDou navigation satellite system) to Chinese fishermen fishing in the area or to more direct actions like the establishment of military and civilian outposts in or nearby the many islands and islets of the disputed area. The efforts the Chinese leadership is taking in securing its claims are impressive and support the notion that the SCS is perhaps the most important strategic maritime area for China to transform from a land to a sea power. Moreover, the Chinese approach towards the SCS also relates to PRC's strategic rivalry with the US: With regards to the SCS, the clash of visions between Beijing and Washington is (among other things) particularly related to the freedom of maritime navigation and the ambiguous reliability of the US alliance system established after 1945.

[3] Kirchberger (2015).

[4] Sakhuja (2011).

[5] Caceres (2014).

[6] Waldron (2014, p. 174).



Southeast Asia and the South China Sea[7]

[7] Map by courtesy of CIA Factbook.

1.1 China's Rise, Sino-US Competition and the Challenges to the Regional Order

Scholars of international affairs have repeatedly asserted that not only is China's economic success "unprecedented"[8] in modern history which makes "China the world leader both in raising economic growth and in expanding human capability",[9] but that the subsequent "shift of economic gravity to the East [from the West] will have profound political and economic ramifications".[10] Hugh White has noted already some years ago that a "Chinese challenge to American power in Asia is no longer a future possibility but a current reality".[11] White is not alone in his fears that the PRC's new wealth may move it towards military parity with the US.[12] Others use even stronger words and describe China as

> a rather large Octopus, which uses its ink to blind and confuse its opponents, and whose diplomacy, relations with Iran and North Korea and other nations, unfair trading practices, foreign investments, industrial and military espionage, cyber warfare, and buildup of modern arms and ballistic missiles presents a threatening aspect to the world, including the United States.[13]

Without any doubt, China's development is crucial for understanding the changing perceptions of the region's importance in wider global affairs as well as the shifting 'power structure' within the region itself.[14] China has experienced astonishing real growth rates in GDP since the late 1970s—often well-beyond 10 % annually.[15] This development has impressively increased the Chinese GDP in real terms within one generation. As one author noted:

> Over the past thirty years, the Chinese development clock has run three to four times as fast as those of other economies. Its more than thirty-fold increase in per capita GDP since 1980 is something that took today's developed economies *more than a century to accomplish*.[16]

Among many other things, its positive economic growth has allowed China to overtake the United States in terms of total GDP in purchasing power parity in late 2014[17]—effectively the first time in more than a century that the United States does

[8] Oertel (2014).

[9] Drèze and Sen (2013).

[10] Sally (2010).

[11] White (2010).

[12] Marsh (2014).

[13] Hughes (2010, p. 167).

[14] On the benefits of studying the regional level of international relations see Fawn (2009).

[15] See Morrison (2013, p. 4).

[16] Roach (2014), emphasis added.

[17] Samuelson (2014). Note that it is important to be cautious with the application of economic models that use current economic data to extrapolate trends. For the case of China's future economic development this means, for instance, that even though the country has experienced almost four decades of impressive growth rates in the past and has overtaken some other major

not run the world's biggest economy. China has achieved this by integrating itself into the US-led global economic system (a huge difference to the Soviet Union) and has gained considerable economic weight well beyond the Western Pacific. For instance, in 2000, China generated 14 % of Asia's regional GDP with 37 % of the region's population. By 2012, Beijing used 35 % of the regional population in order to generate 37 % of Asia's GDP. Between 2000 and 2012 the Chinese share of Asia's export tripled to 36 %—with a disproportionally higher Chinese share when looking at the export figures for manufactured goods (41 %) and labour-intensive manufactured goods (52 %).[18]

It is thus more than understandable that within the last two decades China has been the most seriously debated emerging power considered by academics, politicians and large parts of the global public alike to be able to effectively challenge the dominant position of the United States in global as well as Asian-Pacific affairs.[19] While it is not the primary purpose of this volume to further contribute to the literature that point to the dangers of a 'Thucydides trap' according to which rising and declining great powers are set to clash militarily,[20] it is still important to at least briefly reflect on the effect the SCS disputes have on the Sino-US rivalry. Its long-lasting economic progress has allowed Beijing to finance an impressive military build-up, permitting the People's Liberation Army (PLA) to gain operational abilities to likely prevail in a military encounter with US forces close to Chinese borders, e.g. over the status of Taiwan.[21] The numbers are indeed impressive: While in 1991 Washington spent almost 25 times more on defense than Beijing, the People's Republic is now estimated to be the nation with the second highest defense expenditures in the world.[22] Accordingly, the gap between them has shrunken and the United States now invests only around three times as much on defense as the People's Republic—a remarkable development within less than 25 years (640 bn USD vs. 188 bn USD in 2013).

The differing growth rates in defense expenditures are likewise noteworthy: While the US defense budget grew around 12 % from 2004 to 2013, the Chinese defense budget is estimated to have grown by 170 % in the same period, outperforming the country's GDP growth (140 %) during that time by a

economies, such a development might very well change in the future as over time currently not anticipated internal or external developments (which are thus not included in the models) come into play. See on this for instance Babones (2011).

[18] Holslag (2015).

[19] See for instance Yong and Moore (2004) or Wagener (2011). In his insightful 2009 review essay Christopher Layne described how the so far largely academic discussions on the competition between China and the US and the scholarly debates over the challenges to American primacy slowly became part of the public discourse on US foreign policy. Layne (2009, part. p. 152).

[20] For example, Graham Allison notes that in history in "11 out of 15 cases since 1500, where a rising power emerged to challenge a ruling power, war occurred". Allison (2012).

[21] Office of the Secretary of Defence (2014).

[22] Perlo-Freeman and Solmirano (2014).

considerable margin.[23] Moreover, in 2013 China was responsible for almost half of the combined defense budgets of Asian-Pacific nations (407 bn USD). Additionally, China has considerably improved its erstwhile disparate civilian maritime forces, which are an important means in China's approach towards addressing maritime disputes.[24] All in all, these political, economic and military dynamics appear to constitute a challenge to the position of the United States in Asia-Pacific, forcing the two nations involved in "the world's most important bilateral relationship of the twenty-first century"[25] to seriously contemplate about any relative advantage the other side might gain. To some extent this is based on the pervasive realist notion that "[m]ore dangerous than a subsystem of one great power is a situation where two great powers have strong footprints in a region".[26] Unfortunately, this might even be true in cases where both sides are very much interested in avoiding war.

To be brief, while the Clinton Administration officially regarded China as a 'strategic partner', Sino-US relations nevertheless were filled with tensions since the mid-1990s (not only but also due to the *Taiwan Contingency Crisis* in 1995).[27] The succeeding administration of George W. Bush began to see Beijing as a 'strategic competitor' in the early 2000s.[28] This did not, however, preclude the Bush administration from establishing a very good working relationship with Beijing after a few years.[29] The Obama administration subsequently decided for a 'pivot to Asia', i.e. a rebalancing both of military assets as well as diplomatic attention. Yet, according to foreign policy experts this "will create new points of stress and rising competition with China for influence in the region".[30]

During the 2012 presidential debate, US President Obama stated regarding his administration's attitude towards Beijing that "China is both an adversary but also a potential partner in the international community if it's following the rules [...] we're gonna [sic] insist that China plays by the same rules as everybody else".[31] And Thomas E. Donilon, at the time Obama's national security advisor, underlined the importance of Asia-Pacific to the United States when stating that "the United

[23] Ibid., p. 6.

[24] Szalwinski (2014, p. 348).

[25] Roach (2009, p. 327).

[26] Copeland (2012, p. 70).

[27] Christensen (2011). Other tensions were created for instance due to the 1999 bombing of the People's Republic's embassy in Belgrade by US forces during NATO's war against Yugoslavia, the EP-3 spy plane crises in 2001, Washington's military sales to Taipei in the same year and the rising Chinese military profile across from Taiwan.

[28] Smith (2012).

[29] Roy (2013).

[30] Stratfor (2010).

[31] Reuters (2012). Kissinger—following Joshua Cooper Ramo—states that one should rather see the Sino-US relationship as one of 'co-evolution' instead of 'partnership', i.e. both sides try to pursue an own agenda dominated by domestic demands and national interests, while actively working to minimize conflict between them by identifying and developing complementary interests. Kissinger (2011, p. 540).

States is a Pacific power whose interests are inextricably linked with Asia's economic, security and political order. America's success in the twenty-first Century is tied to the success of Asia."[32] This scarcely hides the fact that Washington is not willing to grant Beijing its own Monroe Doctrine.[33] However, gaining privileged rights in its 'near abroad' might actually be what the People's Republic—just like other great powers—is after. Chinese actions in the SCS in recent years provide multiple evidence for this.

In light of a regional and global process of shifting economic and military capabilities, a dispute over sovereignty questions in the SCS is therefore not just a mere argument between China and some of its Southeast Asian neighbors, but needs to be seen in a wider context involving the competition between Washington and Beijing. China's growing assertiveness in the SCS since 2009 has sparked a debate within US policy circles on the question of the rising power's ultimate intention and how to appropriately deal with it. For instance, the clash of visions regarding the freedom of navigation[34] in the SCS provides a challenge to the established 'rules of the game' that have long ensured the freedom of maritime navigation in the region. The attempted reshaping of the current rules is essentially a question of who will exert influence over the SCS in the future—both de jure and de facto. By forming new 'rules of the game' that ultimately seek to limit foreign vessels' ability to move freely in the area, China is attempting to buttress its own maritime Monroe Doctrine. Some authors have consequently noted that when it comes to the SCS "China is emerging, the United States is retrenching and Southeast Asia is adjusting to the new realities".[35] This development provides at least four major challenges.

The first challenge is directly related to US interests. At the July 2010 ASEAN Regional Forum, then US Secretary of State Hillary Clinton stated that the stability of the SCS is one of the U.S. national interests. Since then, this viewpoint has been reiterated several times and confirmed by Washington's increasing involvement in

[32] Cit. in Mardell (2012).

[33] John Mearsheimer prominently argues that Washington would react with "outrage" if China tried to get Mexico or Canada in an own military alliance—hinting that after almost 200 years since the Monroe Doctrine first 'banned' any intervention in the Americas by outside powers such a move would still be unacceptable for the US political and military leaderships. Mearsheimer (2014, p. 6). A similar point regarding the differing standards in regional intervention between China and the US is made in Roy (2013, p. 59).

[34] The system of the law of the sea was fundamentally established and operated based on the principle of *mare liberum*, freedom of the sea, which meant that the sea was open for states to freely navigate and fish (Klein, 2005, p. 5). The idea was generated by Grotius in the 17th century (Churchill and Lowe 1999) and is still being respected today. More importantly, freedom of navigation can be considered as "one of the pillars of the law of the seas and was at the origins of modern international law" (Wolfrum 2014). The scope of the norm, however, usually provokes controversy. Based on examining their practice encountering with recent disputes in the SCS, the two major maritime powers of the world, China and the U.S., are unlikely to share the same view on the issue.

[35] Hayton (2014).

SCS affairs. In many official (and semi-official) US documents, maintaining freedom of navigation in the SCS has been one of the most important US priorities. Meanwhile, by labeling itself as an outsider to the SCS without any own claims yet equipped with vested interests in regional stability and norm-based behavior, the US also tries to uphold its neutrality in the area's territorial disputes. Consequently, since 2009 the US is basically stuck between focusing on legally upholding the freedom of navigation and remaining neutral in the sovereignty dispute at the same time. China's increasingly pushy behavior since 2012 has indicated that these two positions might be hard to combine in the long run. Washington will perhaps solve this dilemma by discarding neutrality—its neutral role as an honest broker is, in any case, compromised by its general strategic competition with China. Moreover, US interests are indirectly threatened because once the SCS is widely accepted to be largely sovereign Chinese territory, Beijing would probably make use of the rights attached to a country's EEZ by UNCLOS in order to severely limit US military movements close to Chinese shores, which would diminish the military role the US can play in containing China.

Secondly, the US wants to maintain American hegemony in the Asia-Pacific and at the same time is challenged by multiple economic problems at home, such as staggering high levels of public and private debt, continuing vast federal budget deficits or by having run the world's worst current account balance by far for a very long time. Of particular relevance to the SCS disputes are the subsequent cuts in the US defense budget (which, however, remains the world's highest) that basically result from the fiscal unsustainability of the US government policies and the costly missions in Afghanistan and Iraq. Consequently, Washington is in need of a policy which does not heavily hinge on hard power or require massive defense expenditures, but can be employed through other channels such as diplomacy and international law. This might be considered the most important factor to explain the U.S. ambiguity in coping with China's recent escalation in terms of aggressive behaviors.

Thirdly, the US has to strike the right balance between supporting its regional allies that are directly and indirectly affected by China's rise and the SCS disputes while simultaneously avoiding to seriously damage or derail the Sino-US relationship, e.g. by creating the impression to have formed an anti-Chinese containment network. (This is another major reason why Washington officially stays neutral vis-à-vis the territorial disputes and has encouraged all claimants to seek a legal and peaceful settlement of the issue.) In the same context, Washington needs to make sure that its alliance commitments do not entrap it and limit it strategically, i.e. by potentially forcing Washington to step in on the behalf of an over-encouraged US ally that confronts Beijing in the SCS due to the understanding that the US will back its ally in case of military escalation. At the same time, Washington has to be seen as a committed and trustworthy alliance partner, as doubts among regional elites regarding the ability and willingness of Washington to honor its security commitments will likely result into regional states' incremental bandwagoning with Beijing, leading to a further strengthening of China's regional position. In this regard, the US security alliance with the Philippines, for instance, is a diplomatically

challenging undertaking for the United States because Washington has to balance multiple aims at once (while coping with shrinking means at the same time).

The final challenge is posed to the established international norms regarding navigational freedom. Generally speaking, in order to change a rule of customary international law one of the two following factors is required: *state practice* and *opinio juris sive necessitatis* (opinion as to law or necessity, often shortened to *opinio juris*).[36] For instance, the requirement for a settled practice contributing to a new custom does not rely on the fact that every single state in the world carries out the same action, but the widespread acceptance and the consistency of such practice are key. With regards to limiting the freedom of navigation in the SCS and other maritime areas surrounding the People's Republic, China does not need to limit the navigational rights of vessels on the sea on its own: Currently, more than five dozens states basically share the Chinese view and assert the coastal states' right to control adjunct maritime areas. These states are already actively trying to enforce navigational limitations particularly to military vessels in their contiguous zones and their EEZ and may very well see Beijing as a potent advocate in this regard. The fact that there are large and potentially increasing portions of states that are currently restricting the navigational rights may contribute to the eventual establishment of a new international legal custom regarding navigational activities particularly of non-civilian vessels. Notably, most countries in the South China Sea appear to agree with China on limiting navigational freedom for security reasons and, likewise, many developing countries worldwide share this view—in contrast to the United States.

All in all, when it comes to the SCS disputes conflicting national interests, the dynamics of the regional alliance structures, the lack of binding and robust regional governance structures that favor cooperation and limit competition, and the absence of a joint vision for the future regional (and to some extent also global) order as well as accelerating Sino-US competition seem to give preference to *Realpolitik*. Given the importance of the Asian-Pacific this is a truly disturbing development and similarities to the disastrous historic experience of early twentieth-century Europe, in many ways the world's leading region at the time, come to mind. Indeed, the case of Europe shows that given the right (or rather wrong) circumstances, the murderous deed of a young Serbian fanatic can trigger diplomatic events which unleash political, ideological and military forces that ultimately altered the fate and global role of a whole continent—including two world wars, tens of millions of deaths, horrible massacres by all sides, brutal expulsions and displacements of several million civilians, redrawn borders, bloody political oppression as well as national and continental separations that ultimately lasted for many decades. This is not to mention the considerably lower global influence the leading countries of the European continent have had ever since.

It is therefore imperative to better understand the multi-faceted dynamics surrounding the SCS disputes: How the SCS disputes are settled will strongly

[36] Thirlway (2010, p. 102).

determine the region's security outlook as well as the future role both the PRC and the US are going to play in Asia-Pacific. This volume therefore seeks to offer a comprehensive and empirically rich analysis of how its rising power has helped China to shape the territorial disputes in Asia's most important waterway and the implications these disputes have on regional power dynamics. The subsequent 23 chapters discuss important aspects that accompany the rise of the PRC, examine how these affect the developments in the SCS (and thereby challenge the current order) and provide in-depth discussions of the subsequent responses to Chinese actions by important SCS claimant states as well as by essential non-claimant actors.

1.2 Outline of the Volume

The book's second chapter by Hendrik W. Ohnesorge illustrates the neighboring actors' claims in the South China Sea dispute from the perspective of international law. After examining the historical background of the disputes including its major actors and their respective interests, Ohnesorge closer examines in *A Sea of Troubles. International Law and the Spitsbergen Plus Approach to Conflict Management in the South China Sea* the international legal aspects of the overlapping claims of the actors. Of particular interest in this regard is UNCLOS. The chapter concludes by introducing what might by called the 'Spitsbergen Plus Approach' and thus offers an innovative approach to conflict management in the SCS.

Timo Kivimäki starts the third chapter on *Legalism, Developmentalism and Securitization: The Case of Territorial Disputes in the South China Sea*. He tests securitization theory by taking the SCS disputes as an empirical case. Following up on to the first chapter's take, Kimivmäki moreover looks at the way in which developmentalist discourses have changed and how legalistic framing could change the strategic debate in East Asia with regards to the territorial disputes in the South China Sea. His analysis shows that even though the theory of securitization has so far suggested that 'security' cannot be 'unspoken', the alternative framing that is in practice incompatible with the security framing can actively de-securitize issues that have been seen as security issues. The chapter finally suggests possible ways in which the de-securitization of territorial disputes could make territorial disputes less dangerous.

Tobias J. Burgers provides an analysis of how the introduction of robotic unmanned technology as a new military technology would influence the waters of the South-China-Sea. In *An Unmanned South-China-Sea? Understanding the Risks and Implications of the Arrival of the Digital and Robotic Revolution in Military Affairs in the South-China-Sea* he argues that even though military actions have been limited so far, history has shown that the introduction of new military technology could radically change a military and political situation. Given that the legal aspects are far from resolved and that norms and values on how to use and counter robotic war technology is still developing, this creates a dangerous

situation. The purpose of Burgers' chapter is therefore to understand if and how the robotics revolution will change the situation in the SCS and what this would mean for the future direction of the territorial disputes.

Marc Lanteigne shows in this book's fifth chapter on *The South China Sea in China's Developing Maritime Strategy* that China has essentially been pursuing a 'small step' approach to legitimizing and clarifying its claims in the SCS, using non-military and incremental policies to avoid an overt balance of power scenario which might have provoked a stronger reaction from the United States and its regional allies. Lanteigne concludes in the book's fifth chapter that this process of restricting SCS policies to a 'small step' approach and maintaining a degree of strategic ambiguity in the region has benefitted Chinese policy in the region, but the sovereignty question in the SCS remains open as China's maritime power continues to grow and Washington contemplates its future security role in East Asia on several fronts.

In *China's Sea Power Aspirations and Strategic Behaviour in the South China Sea from the Theoretical Perspective of Identity Construction*, Rex Li places China's territorial disputes in the SCS within the context of its aspirations to develop itself as a global power and a sea power in particular. In the book's sixth chapter, Li argues that most studies on China's great power ambition and its conduct in the SCS are underpinned by Realist theories, yet considers Realism to be inadequate in elucidating the role of identity in shaping Chinese security discourse and strategic behaviour. Drawing on Constructivism and social identity theory, Li argues that China's recent activities in the SCS should be perceived as part of an ongoing process of identity construction. Since 2009, Chinese leaders and policy elites have been striving to construct a much more self-assured and potent national identity for China that would commensurate with its growing economic strength and military capabilities. His chapter demonstrates how the development of Chinese maritime capabilities is inextricably linked to Beijing's efforts to construct the identity of a great power that has full command of the sea in its surrounding areas and beyond. Thus, China's sea power aspirations should be understood in relation to Chinese leaders' apprehensions of potential US intervention in the maritime disputes in the SCS (and the East China Sea) and their attempts to reshape the US-led regional security order.

Pascal Abb examines in the volume's seventh chapter a great variety of public commentaries from Chinese foreign policy experts on the SCS issue and China's relationships with some of the other dispute parties and extra-regional actors. In *Punish the Philippines*, *Forgive Vietnam? The South China Sea Disputes in the Eyes of Chinese Experts* Abb establishes systematic differences in how two specific actors—Vietnam and the Philippines—are being portrayed, how expert assessments differ from the official position, and what policy suggestions are being made by Chinese international relations experts. To explore these questions, he combines an in-depth study of a number of commentaries relating to highly publicized events like the standoffs over HS 981 and Scarborough Shoal with a quantitative content and sentiment analysis of a sample of over 1500 pieces written by Chinese experts since 2010. Based on the findings, Abb argues that despite the

Chinese insistence on describing the SCS as a regional issue, Chinese experts view it as an area of strategic contention with the United States. Moreover, he finds that the perceptions of local actors are strongly shaped by their alignment with the US. He furthermore uncovers that even though Chinese experts unanimously stand behind their nation's territorial claims in the area, they have also emerged as a voice favoring moderation and de-escalation, and thus act as a possible counterweight to elite and grassroots demands for an even more assertive foreign policy. Finally, by tracking the diversity of views apparent in these debates, Abb provides valuable insights into how China debates its future course on this issue as well as the degree to which related policies have been settled or are still in flux.

Kheng Swe Lim tackles the nationalist narrative in China over the SCS islands in chapter eight on *China's Nationalist Narrative of the South China Sea: A Preliminary Analysis* and shows how this narrative is shaped by the perception that the United States is trying to contain the PRC as well as a belief that the smaller Southeast Asian claimant countries have wrongfully taken control over the islands which China believes to be an integral part of its territory. Remarkably, Lim is able to show in *China's Nationalist Narrative of the South China Sea: A Preliminary Analysis* that Chinese nationalist feelings over the SCS are less strong than those over the Diaoyu/Senkaku Islands, given that the latter touches on the historic difficulties that exist between China and Japan which are absent between China and Southeast Asia. Following Lim, this finding hints that China may have more room for maneuver with regards to its relations with the SCS claimant countries than it does over the East China Sea disputes.

The book's ninth chapter on *Contradiction of Strategic Goals as a Major Constrain of Chinese Power in the South China Sea* by Richard Q. Turcsányi analytically connects theoretical works on power in international politics with the conflict development in the SCS from a Chinese perspective. In *Contradiction of Strategic Goals as a Major Constrain of Chinese Power in the South China Sea* power is defined as the capability of an actor to achieve and/or sustain a desired situation, understanding it as a fluid and issue-specific ability. Due to this understanding of power, Turcsányi argues that it is impossible to chart a general power ranking of states. On the other hand, he deems it possible to discuss various sources of power with regards of specific policy-issues, how these sources of power influence the actors' strategies as well as the outcomes of their interactions. Moreover, Turcsányi argues that China's 'desired situation' is understood in line with Dai Bingguo's three core interests of preserving political system, territorial integrity, and sustained development. While the regime security is regarded by Turcsányi as the final interest of the Chinese government, two further 'core interests' supporting it would translate into two concrete goals in the SCS—safeguarding the sovereignty as perceived by the Chinese public and sustaining vital economic partnerships with international partners. He provides a stimulating discussion of Chinese policies and their outcomes in terms of successes/failures in light of the proposed goals and discusses the various sources of power that have brought them about. Turcsányi concludes that the fundamental constrain of Chinese actions in the SCS is the inherent contradiction between its desired goals, as

protection of China's territorial integrity is causing anti-Chinese sentiments and potentially threatens economic interactions and development of the People's Republic.

Evan Jones points out in chapter ten of the volume on *Steel Hulls and High-Stakes: Prospect Theory and China's Use of Military Force in the South China Sea* that current scholarship on China's behavior in the SCS has raised questions about peace prospects between China and its regional neighbors in Southeast Asia. Jones therefore develops a bargaining power-prospect theory model in his chapter to explain Chinese behavior in the SCS during the Cold War. The model hypothesizes that China's behavior is attributable to two main factors: China's relationship with great powers and leaders' perceptions of China's bargaining power towards its competitors. Jones provides narratives of the 1960 establishment of People's Liberation Army Navy regular patrols to the Paracels, 1966 South Vietnam Withdrawal from Crescent Group, the 1974 Battle for the Paracels, and the 1988 Sino-Vietnamese encounter in the Spratlys as congruence tests for the model. His findings show that when Chinese leaders were situated in a domain of losses, use of force became more likely, and vice versa. Jones' chapter thus advances two goals: Theoretically, it provides a comprehensive way to capture the complex variations of China's use of force in the disputes—particularly as the first two case studies focus on empirically understudied periods of the SCS disputes. Secondly, his findings moreover provide a suitable guideline for actors with a stake in the dispute for how to reduce the likelihood of future clashes.

In the volume's 11th chapter, *Assembling a City in the Ocean: Sansha Island in the South China Sea and the New Politics of Chinese Territorialization*, Gunapei Ming depicts the Chinese state as a place of territorial assemblages involved in a continuing process of deterritorialization and reterritorialization. She uses the development of Sansha City on the Parcel's Woody Island to not only argue that China's understanding of territory and territoriality differs from the internationally established Western-based one of sovereign territory, but to show that by building infrastructure in the SCS China is effectively ensuring that its nodes and networks are the primary ones through which other regional actors must operate. This, in short, shows that even though legal aspects might be left unresolved, in their day-to-day activities regional states are more or less required to accept many of the Chinese claims and undertakings.

In *Navigating Stormy Waters: The Triangular Relationship Between the United States, Vietnam and China and the South China Sea Disputes* Susan McEwen-Fial and Alexander Brand take Vietnam's bilateral relationships to Washington and Beijing as interesting case studies in order to show how the smaller powers around the SCS try to balance China's increasing assertiveness in the region by engaging the United States and use this in order to understand the conflict dynamics in the SCS against the background of an often assumed, to a lesser degree examined regional (and eventually global) power transition dynamic. McEwen-Fial and Brand argue that Vietnam has a checkered history with both the U.S. and China, all the while these countries are its most important economic partners at the moment. By exploring the trajectories of selected, interwoven key bilateral

relationships Vietnam with a focus on the economic dimension, they provide a deeper understanding of the supposed regional power shift accompanying these disputes. Economic relations between the U.S. and Vietnam and China and Vietnam respectively are analyzed given the high level of economic interrelatedness between Vietnam and the two great powers. By using a comparative approach to focus on the economic relations—trade, FDI and (non-)cooperation in the oil/energy sector—the chapter looks at how economic and politico-diplomatic activities are related. The two authors conclude that recent Chinese actions in the SCS have pushed Vietnamese elites into trying to achieve greater economic independence from China and seek closer cooperation with the U.S, though the current economic linkages between the Chinese and the Vietnamese economy limit Hanoi's room for maneuvers considerably as does the continuation of having China as a close-by neighbor.

In the book's 13th chapter, Le Hong Hiep analyses *Vietnam's Pursuit of Alliance Politics in the South China Sea*. Le shows that Vietnam has long maintained a "no alliance" approach as a core principle in its foreign policy. However, as China becomes increasingly assertive in the SCS, he identifies some indications that Vietnam is moving towards a more traditional approach, i.e. forging close security and defense ties short of formal, treaty-bound alliances with key partners, to deal with the new situation. Le's chapter seeks to explain why such a shift is both necessary and feasible for Vietnam. It starts by providing a theoretical overview of alliance and alliance politics. After reviewing Vietnam's strategic policy toward China since bilateral normalization in 1991, especially its hedging strategy and the so-called 'three no's' principle, Le explains why such a strategic position has become increasingly questionable. He then analyzes why Vietnam should pursue alliance politics to deal with China's increasing assertiveness in the SCS and looks into the measures that Vietnam has been undertaking in that regard, such as Vietnam's strengthened security and defense ties with the Philippines, Japan and the United States.

In *'Coopetition' and Risk Tolerance in the South China Sea: Indonesia and Malaysia's Middle Power Strategies* Bruno Hellendorff analyses whether conflict in the SCS is inevitable. In the book's 14th chapter he argues that even though certain structural conditions may point that way, two major impediments to conflict are working against greater conflict: the socialization process led by ASEAN and a greater-than-ever interdependence among regional countries. Hellendorff's chapter tests these two conventional arguments by considering the collective and individual choices of ASEAN states. It resorts to rational choice institutionalism and middle power theory to model the environment in which ASEAN states operate strategically and considers Indonesia and Malaysia as case studies. He finds that Indonesia and Malaysia, as regional middle powers, are more risk-tolerant than usually assumed vis-à-vis the rise of China and its repercussions in the SCS.

The book's 15th chapter is likewise concerned with Indonesia as a regional middle power and a leading ASEAN state. Prashanth Parameswaran's chapter on the *Delicate Equilibrium: Indonesia's Approach to The South China Sea* aims to clarify Indonesia's approach to the SCS issue, focusing particularly on the period

from 1990 onwards. He argues that in spite of some adjustments after recent trends—including increased Chinese assertiveness—Indonesia's approach has remained largely unchanged. Indonesia continues to stick to what Parameswaran terms a 'delicate equilibrium' approach on the SCS issue, pursuing a hedging strategy comprised of four elements: engagement, enmeshment, traditional balancing and soft-balancing.

The next chapter turns to another important regional state: the Philippines. In *The US-Philippine-China Triangle: From Equi-Balancing to Counter-Balancing Amid the South China Sea Disputes* Richard Javad Heydarian closer examines how the Philippine foreign policy toward the region's two most powerful states, China and the US, has evolved in recent decades. His chapter briefly looks at how the Arroyo administration (2001–2010), intent on diversifying the Philippines' foreign relations in the post-Cold War period, tried to reduce the Southeast Asian state's dependency on the U.S. by reaching out (2004–2008) to Beijing, giving birth to what many saw as a 'golden age' of Philippine-China relations. Heydarian then analyses how the succeeding Filipino administration under Aquino abandoned equi-balancing in favor of aligning with the US against an increasingly assertive China, which stepped up its maritime jostling in the SCS from 2009 onwards. The shift in the Philippines' posturing coincided with the introduction of the US Pivot to Asia policy in 2011, marking a qualitative shift in the strategic complexion of the triangular relationship, with Manila and Washington ramping up their military alliance to check China's territorial designs in the SCS. Heydarian concludes his analysis by examining the nexus between domestic political shifts, especially within the Philippines, and regional geopolitical developments, especially in the SCS, to trace the dialectics of this important triangular relationship.

With *China-ASEAN Relations and the South-China Sea: Beyond Balancing and Bandwagoning?* Elisabeth Hörhager tackles the important relationship between China and ASEAN, Asia-Pacific's probably most relevant regional organization. In chapter 17 of the book she argues that the different approaches used in previous analyses of China's rise and its relationship with ASEAN have led to widely different interpretations. According to Hörhager, this is due to the differing views on how states behave in the face of change in the international system. Her chapter employs analytical eclecticism in order to comprehensively assess China's behavior towards ASEAN and the extent to which the ASEAN framework has been able to divert traditional balance of power dynamics and alliance formation in the face of this rising power. In her chapter's final section, their relationship is put into the context of the SCS disputes and the most recent developments in that area. She argues that this reflects back on the explanatory value of different international relations paradigms and serves to clarify the assumption that, if ASEAN cannot manage to find a multilateral solution in the SCS, this essentially might mean that realism and hard power trumps after all and that China's true revisionist nature is revealed.

In chapter 18, Taylor Fravel analyses the *U.S. Policy Towards the Disputes in the South China Sea Since 1995*. Fravel argues that U.S. policy toward the disputes in the SCS has four features. First, the United States has altered its policy in response

to changes in the level of tensions in the dispute. Second, U.S. policy toward the SCS has been premised on the principle of maintaining neutrality regarding the conflicting claims to sovereignty. Third, as its involvement in managing tensions has increased, Washington has emphasized the process and principles by which claims should be pursued more than the final outcome or resolution of the underlying disputes, especially conflict management through the conclusion of a binding code of conduct between ASEAN and China. Fourth, U.S. policy in the SCS has sought to shape China's behaviour in the SCS by highlighting the costs of coercion and the pursuit of claims that are inconsistent with customary international law. Fravel argues that in the future the involvement of the United States in seeking to manage tensions in the SCS is likely to continue as long as the territorial and maritime jurisdictional disputes remain unresolved and states take declaratory steps and operational actions to assert and defend their claims.

Srini Sitaraman takes a closer look at New Delhi's reactions to China's naval developments and Chinese actions in the SCS disputes in chapter 19. According to him, China's deployment of ships and submarines in the Indian Ocean Region has been an enormous source of apprehension in India which fears encirclement by China. In *Rising Chinese Power and Territorial Assertiveness in the South-China Sea: India-Vietnam Strategic Partnership as a Counterbalancing Endeavor*, Sitaraman argues that in order to counter China, the Indian navy has started regular port visits with friendly states such as Vietnam and Philippines, thereby changing the rather inactive 'Look East' policy to an updated 'Act East' policy. He shows that India's attempt to develop stronger relations with states that have ongoing disputes with China in the SCS such as Vietnam and the Philippines has to be seen as a strategic move to pressure Beijing on the maritime front in an area that is rife with conflict and overlapping territorial claims. Sitaraman notes that particularly Vietnam has been emerging as a key strategic partner for India in countering China's maritime assertiveness. Thus, while India does not have a direct stake in the SCS maritime dispute, it nevertheless has viewed China's assertive and domineering behavior as a harbinger of Chinese actions in the Indian Ocean Region and in the ongoing Sino-Indian border disputes in the Himalayas. Closer ties with Hanoi and other regional countries are therefore a strategic imperative for New Delhi to increase pressure on Beijing.

The book's 20 chapter addresses Japan's view of the territorial disputes in the SCS, which is intricately linked to its own dispute with China over the Senkaku Islands in the East China Sea. Alexandra Sakaki describes in *Keeping the Dragon at Bay: The South-China Sea Dispute in Japan's Security Strategy* how much Tokyo's political elites have become concerned about Beijing's growing confidence and assertiveness in its foreign policy, particularly due to the increasingly deteriorating Sino-Japanese relations and strains over the bilateral territorial row in the East China Sea in recent years. Sakaki argues that from a Japanese perspective, China is pursuing a strategy of creeping expansionism in the maritime domain by challenging the territorial status quo of islands in the South and East China Seas. Japan, on the other hand, is seeking to discourage Chinese assertiveness in the East Asian region. Sakaki's chapter shows that the US-Japan alliance continues to play a key

role in Japanese strategic thinking, but it is no longer viewed as sufficient in ensuring security and stability for Japan in the region, particularly towards China. She outlines two areas in which Tokyo is making greater efforts to supplement the alliance's deterrence function: Firstly, it is enhancing its military ability to discourage and respond to Chinese provocations around the Senkaku Islands, although efforts are constrained by budgetary limits. Secondly, Japan is diversifying its security relations with regional countries, thereby seeking to demonstrate to China that it is not indifferent to Beijing's provocations in the SCS.

In the next chapter Antonio Henrique Lucena Silva and Wellington Dantas de Amorim argue that although being geographically far away from the SCS, Australia, India and Japan are increasingly taking part in the region's ongoing geopolitical struggle. In *Australia, India and Japan: Three 'Worried Outsiders' and their strategies towards the South-China Sea*, the two authors analyze the strategies of the aforementioned three countries through the lens of three distinct approaches—Democratic Peace Theory (DPT), Balance of Threat Theory (BOT) and Regional Security Complex Theory (RSCT)—in order to see whether they are suitable to analyze the SCS security environment and explain the respective behavior of the case countries. They argue that the three states are considerably concerned about China's rise and have largely similar policies towards the SCS disputes. Silva and Amorim find that DPT cannot explain Indian, Australian or Japanes behaviors towards the disputes, while two analytical pillars they identify to be essential to BOT (geographic proximity and aggressive intensions) need to be adjusted in order to fully explain New Delhi's, Canberra's and Tokyo's strategies towards a rising China and its actions in the SCS. Only RSCT, they conclude, is successful in explaining Australian, Indian and Japanese countermoves to Chinese actions in the SCS without any adjustments.

Gerhard Will addresses a potential European role in the SCS disputes in the book's 22nd chapter. In *Distant Partners: Europe and the South-China Sea* he argues that Europe and the countries adjacent to the SCS share a long and very contradictory history. European powers colonized most of the countries in South-East Asia, but the fighters against colonialism also relied on European ideas and ideologies like nationalism and socialism. Will reasons that until today, the conflict parties in the SCS base their claims on legal norms and concepts developed in Europe during the era of colonialism. Though the EU is one of the biggest trade partners and investors in the SCS area, Brussels did not work out a convincing political strategy accompanying and protecting its economic interests. In 2012, the EU started some initiatives for a stronger political engagement in this part of the world, but these initiatives were not consolidated and elaborated in the years to follow. However, following Will, Europe could nevertheless offer a lot of—positive and negative—experiences in common management of resources, in coping with an asymmetric conflict constellation etc. which might be helpful for finding a solution for the conflicts in the SCS. He concludes that in order to put these experiences into effect a thoughtful and sustainable political dialogue is needed which eventually even may lead to a partnership between the two regions based on equal footing and mutual benefit.

With *The South-China Sea and New Zealand's Foreign Policy Balancing Act* Robert Ayson examines the way that New Zealand's response (or lack thereof) to the SCS dispute shines a light on its foreign policy perspectives in an era of significant geopolitical change in Asia which has been occasioned by China's rise. The book's 23 chapter begins by offering an account of the apparent reluctance of the New Zealand government to take a strong public stance on the tensions in the SCS in 2014. Ayson continues by showing that one of the possible explanations for this aforementioned response can be found in the challenges New Zealand is facing in balancing its relations with and between the major powers. He argues that even though New Zealand has been enjoying closer security relations with the United States, it has still been cautious about becoming a part of what might be seen as a US-led set of positions on Asia-Pacific security. For Ayson this means that Wellington is more likely to indicate a preference for mutual restraint in the SCS than to use language and formulas that could easily be depicted as criticism of China's actions in particular. He concludes that New Zealand's approach is therefore closer to the milder consensus positions of ASEAN than to the loud concerns of some of the individual SCS claimants (or that of neighboring Australia).

A constructive way forward is proposed in *Pacific Community for Peace and Governance: Towards a Framework for Peace and Security in the Pacific* by James D. Bindenagel. In the 24 chapter of the volume Bindenagel outlines that China's naval strategy in East Asia's maritime areas has lead to rising nationalisms in other countries neighboring the South and East China Sea—a development that, amid overlapping territorial claims, not only fuels the SCS conflict, but due to the region's lack of historic reconciliation may help to escalate them into military encounters. According to Bindenagel, Beijing and Washington—the region's strongest powers—share a responsibility to manage the SCS disputes in a peaceful manner. Based on his assessment of the regional situation, Bindenagel argues that there is still time to find a sustainable diplomatic solution before a trivial accident might trigger an escalation that cannot be contained. He therefore proposes to begin regional discussions for creating a 'Framework for Peace and Security in the Pacific' that has to tackle important issues like trust and confidence building among neighboring countries, the establishment of new inclusive regional governance structures or the mitigation of historical grievances to meet the peace and governance challenges in Asia-Pacific. Bindenagel concludes that a sustainable long-term solution to the SCS disputes can only be found if regional countries decide to work cooperatively in a peaceful manner, which would not only benefit all countries in an interconnected Asia-Pacific, but would also help to pivotally shape the international order of the twenty-first century.

The book concludes with an appendix provided by the South China Sea Chronicle Initiative which outlines *The Use or Threat of Force in the South-China Sea Disputes since 1945: A Timeline*.

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Chapter 2
A Sea of Troubles: International Law and the Spitsbergen Plus Approach to Conflict Management in the South China Sea

Hendrik W. Ohnesorge

2.1 Introduction

In the body of water known as the South China Sea, at least six actors stake out overlapping and conflicting territorial and jurisdictional claims: the People's Republic of China (China), the Republic of China (Taiwan), Vietnam, Brunei Darussalam (Brunei), Malaysia, and the Philippines. Their territorial as well as maritime claims are aimed particularly at the region's natural resources such as fishery stocks and—most prominently—natural gas and oil reserves. Added to these claims by adjacent states, the United States of America as well as further actors have copious security and economic interests in the region and therefore insist on the freedom of navigation in an area through which some of the world's most important shipping lanes run.

This mélange of competing legal claims and national interests renders the ongoing dispute revolving around the South China Sea highly conflict-laden. Many politicians and analysts, seldom at a loss for seeking historical analogies, have drawn comparisons between the region and past or present global areas of conflict: Surin Pitsuwan, former Minister of Foreign Affairs of Thailand and then-General Secretary of the *Association of Southeast Asian Nations* (*ASEAN*), voiced concerns that the South China Sea might "evolve into another Palestine,"[1] former Australian Prime Minister Kevin Rudd called the region a "twenty-first century redux of the Balkans a century ago"[2] and some observers such as Henry Kissinger draw parallels between the great power rivalries in nineteenth century Europe and

[1] Cited in Bland (2012).

[2] Rudd (2013).

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Asia-Pacific today.[3] While some hold these concerns as overstated and argue that the situation in Asia-Pacific and particularly in the South China Sea may not be a global security flashpoint in the strict sense of the word,[4] the dispute unquestionably is multilayered and especially the last years saw a rising topicality for a number of reasons[5]: increased oil and natural gas demands from Asian states, particularly China, the development of new drilling technologies and rising capacities for offshore exploitation, decreasing global fishery resources and not least provisions in international law demanding a submission of maritime claims until May 2009.[6] Beyond that, the conflict can also be seen as a litmus test for future claims of and approaches to a rising China, which ostensibly claims almost the entire South China Sea, and for the configuration of the regional order in Asia-Pacific as a whole. In correspondence with the so-called U.S. "Pivot to Asia" (a term which by now has given way to the more nuanced term "Rebalancing" in Washington parlance), the region is, in the words of one observer, "destined to be a bone of contention"[7] between the United States and China.[8]

In particular, however, it is the overlapping and often conflicting maritime claims of actors in the region, which render the region one of the most hotly debated topics in international relations today.[9] Gregory B. Poling thus even holds that "[t]he South China Sea is the site of one of the globe's most contentious, and probably its most complicated, sovereignty disputes."[10] Yet, questions concerning overlapping and conflicting maritime claims are not alone of academic nature. On the contrary, particularly in recent years, the decades- or even centuries-old conflict has been kindled anew and has grown into a "tangled knot of intractable challenges."[11]

It shall be the objective of the chapter at hand to unravel this "tangled knot" of competing and sometimes conflicting claims and thus seek to illuminate the dispute in the South China Sea from the perspective of public international law. Among central questions to be answered within the chapter are: (1) Which international regimes take effect in this context? (2) With regard to the most disputed areas, how can claims of the major actors involved be assessed according to international law, particularly the *United Nations Convention on the Law of the Sea*? (3) Which mechanisms of dispute management drawing on instruments and precedents of

[3] Sommer (2014).

[4] Taylor (2014).

[5] Bader et al. (2014, p. 4), Poling (2013, p. 2), Tønnesson (2012, p. 8).

[6] See below.

[7] Lam (2013, p. 13).

[8] For general information on the "pivot" and its (unintended) consequences see Glaser (2012b), Manyin et al. (2012), Ross (2012), Lieberthal (2011). For a detailed discussion of the U.S. rebalancing strategy and its impact on the South China Sea dispute see Emmers (2013).

[9] Fravel (2011, p. 292).

[10] Poling (2013, p. 1).

[11] Dutton (2011, p. 42).

international law are conceivable? Within this context, one particular—and hitherto widely neglected—model for conflict resolution shall be discussed: Namely what might be called the "Spitsbergen Plus Approach," i.e., the possibility of drawing—with certain amendments—on the eponymous treaty that settled the indeterminate status of the Arctic archipelago of Spitsbergen in 1920. After presenting the legal situation, the chapter thus concludes with a discussion of conceivable instruments to peacefully unpick the confused knot of challenges in the South China Sea.

2.2 Background on the Dispute

A brief background and placement of the dispute is necessary not only for a better understanding of the geographical and historical parameters in the region but also to identify the crucial points of conflict and not least the major actors involved in the South China Sea dispute. History—from the perspective of international law—does not necessarily play a prominent role in assessing actors' claims. However, it is often invoked by claimants themselves in order to substantiate their respective claims and therefore cannot be dismissed.[12]

2.2.1 The Scene

The semi-enclosed South China Sea encompasses an area of about 1.4 million square miles. It stretches from the Strait of Taiwan in the north to the Straits of Malacca and Singapore in the south and is enclosed—clockwise—by China, Taiwan, the Philippines, Malaysia, Brunei, Indonesia, and Vietnam. Its breadth is about 550 to 650 nautical miles (nm), its length more than 1200 nm.[13] The several hundred islands, rocks, reefs, shoals, and other features situated in the South China Sea together account for a land area of approximately six square miles.[14]

The hundreds of features in the South China Sea, which cumulatively make up an area about 4.5 times the size of Manhattan's Central Park, are commonly grouped in different regions[15]: the Pratas Islands in the northeastern part of the South China Sea, the Paracel Islands in the north, the Spratly Islands in the south, and the Scarborough Shoal in the central east. (Some sources additionally list the fully submerged features of the Macclesfield Bank as a fifth group.) While all these

[12] Hong (2012, p. 6).

[13] Beckman (2013b, p. 143).

[14] Bader et al. (2014, p. 4).

[15] While all islands and other features in the South China Sea (as well as the South China Sea itself) have various names in different languages, the author throughout the text uses the commonly applied English names.

groups of islands are claimed at least by China and Taiwan—and thus by two of the six claimant states at minimum—it is the island groups of the Paracel Islands (Paracels) and Spratly Islands (Spratlys) which are the areas of the most numerous conflicting claims and interests.[16] Gregory B. Poling thus lists the Paracels and Spratlys—along with Scarborough Shoal—as the major areas of dispute in the South China Sea.[17] While Scarborough Shoal, however, is mostly submerged even at low tide and only contains few small rocks above the water line at high tide,[18] the Spratlys and Paracels—due to their comparatively huge expanse, great amount of associated islands, number of conflicting claims, and not least their strategic and economic potential—render the two island groups particularly controversial. Therefore, while side-glances may be cast at other features in the South China Sea as well, the two archipelagos of the Spratly and Paracel Islands shall be of special importance in the following assessment of the situation in the South China Sea from the perspective of international law.

The Spratly Islands, on the one hand, consist of more than 140 features (islands, rocks, reefs etc.),[19] some of which are always submerged and some of which are perpetually dry. While numbers are varying among sources, the different claimants occupy some dozens of the Spratlys' features. Taiwan occupies the largest of the islands, Itu Aba, which is also the only island among the Spratlys with its own natural water resource, an airfield and a small garrison. Vietnam, also occupying the greatest number of islands, and the Philippines occupy the islands next in size, while China, Malaysia, and Taiwan occupy small numbers of islands, respectively.[20]

The Paracel Islands, on the other hand, represent the second major island group under dispute. They consist of merely about 45 features while their combined area is bigger than that of the Spratly Islands, with Woody Island being the largest among them.[21] Since the foundation of Sansha City in 2012 by China, Woody Islands has "now taken the shape of a city with infrastructure including a small military airport, a sea port, roads, a clinic, a post office and an observatory."[22] Whereas the Paracels are claimed by China, Taiwan, as well as Vietnam today, China has controlled them since the forceful expulsion of South Vietnamese troops from the islands in 1974.[23] Between the two groups of islands to be considered in detail in the following, the Spratly Islands may be considered the greatest source of dispute and potential conflict.[24] For as one former Chinese People's Liberation

[16] Bader et al. (2014, p. 4).

[17] Poling (2013, pp. 21–2).

[18] Beckman (2013b, p. 145), Poling (2013, p. 27).

[19] For the (legal) significance of the distinction between islands, rocks, and other features see below.

[20] Beckman (2013b, pp. 143–4), Bader et al. (2014, p. 4).

[21] Beckman (2013b, p. 144).

[22] Xinhua.net (2012).

[23] Bader et al. (2014, p. 4).

[24] Beckman (2013a, p. 18).

Table 2.1 Claimants and central areas of dispute in the South China Sea

Country	Area		
	South China Sea	Spratly Islands	Paracel Islands
Brunei	UNCLOS	No formal claim	None
People's Republic of China	All[a]	All	All
Malaysia	UNCLOS	Three islands	None
Philippines	Significant proportions	Eight islands	None
Republic of China (Taiwan)	All[a]	All	All
Vietnam	All[a]	All	All

Author's illustration based on an illustration in U.S. Energy Information Administration (2013)
[a]With the exception of ambiguous buffer zones adjacent to littoral states

Army Navy (PLAN) admiral argued, "[W]hoever controls the Spratlys will reap huge economic and military benefits."[25] Conflicting claims by the six claimant states in the South China Sea as a whole, with particular emphasis on Spratly and Paracel Islands, are summarized in Table 2.1.

While Brunei refrains from any formal claims regarding the Spratly and Paracel Islands, China, Taiwan, and Vietnam all claim both groups of islands in their entirety. Malaysia and the Philippines, by contrast, make no claims regarding the Paracels and claim three and eight islands of the Spratlys, respectively.

2.2.2 The Actors

Actors in the South China Sea dispute may in their entirety be classified into two categories or groups. First, the group of immediate claimant states adjacent to the South China Sea: Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam. These actors have formulated various maritime and territorial claims in the region that shall occupy center stage in the subsequent analysis. Within this group, a distinction may be drawn between China and Taiwan on the one hand, each making the most comprehensive claims, and the remaining four countries on the other hand, each member of *ASEAN*. [26] That is not to say that within the *ASEAN* group of claimants there are no conflicting interests. However, as past events have shown, those states have repeatedly acted jointly. "External" states, not immediately adjacent to the waters of the South China Sea, may be regarded as a second group of actors. This group includes, among others, the United States of America, South Korea, Japan, Russia, India, and Australia. While all these states have certain interests in the region, they have not claimed any territorial rights in the South China Sea but rather insist on the freedom of the seas and peaceful conflict

[25] Cited in Fravel (2011, p. 296).

[26] For a discussion of *ASEAN*'s role in the South China Sea dispute sea Collinson and Roberts (2013).

management. Besides strategic considerations, economic interests predominate in this group, for example in the case of Japan and India.[27]

2.2.3 The Issues

The dispute in the South China Sea has a long history and is characterized by a pattern of action and reaction from different actors over the centuries.[28] While a chronology of events cannot be presented at this point, it is essential to bear in mind the dispute's deep historic roots, which, as shall be demonstrated below, still feature in the argumentations of claimant states today.[29] With the "huge economic and military benefits" mentioned by Admiral Liu Huaqing at the very core of the dispute, at least five categories of interests can be identified:

First, the waters in the South China Sea are home to rich fishery resources with the northern part of the sea being particularly productive.[30] The region's century-old tradition as a fishing ground and today's growing demands render this aspect particularly decisive. Second, the South China Sea is estimated to be the site of vast reserves in energy resources such as oil and natural gas. The *United States Energy Information Administration* (*EIA*), including both proved and probable resources in its calculation, estimates about 11 billion barrel of oil resources and about 190 trillion cubic feet of natural gas reserves in the South China Sea.[31] While substantiated estimations may be difficult to attain and sometimes vary greatly, other studies include greater numbers for both oil and gas reserves in the region, with Chinese estimations by far the most optimistic. The *Chinese National Offshore Oil Company* (*CNOOC*) thus estimates undiscovered reserves of about 125 billion barrels of oil and about 500 trillion cubic feet of natural gas in the region.[32] With the dramatic rise of demands for energy resources in Asia-Pacific (and China accounting for the lion's share in this growth), this particular facet of the dispute has gained greater importance in recent years and is likely to gain even further weight.[33] Since most of the resources in the South China Sea are likely to be situated in littoral areas of the claimant states, jurisdictional questions revolving

[27] Taylor (2014, p. 102).

[28] Buszynski (2013, p. 4).

[29] For a more detailed history of the dispute see Buszynski (2013), Hong (2012, pp. 12–41), Tønnesson (2008), Tønnesson (2002).

[30] Food and Agriculture Organization of the United Nations (2011, p. 141).

[31] U.S. Energy Information Administration (2013).

[32] U.S. Energy Information Administration (2013). By way of comparison, the EIA lists 297 billion barrels in proved crude oil reserves for Venezuela and 1688 trillion cubic feet in proved natural gas resources for Russia as the respective globally leading countries; see U.S. Energy Information Administration 2015.

[33] For an estimation of future developments in energy demands see British Petroleum (2014).

around these areas are of particular importance.[34] Third, sea-lanes running through the South China Sea are among the most heavily frequented across the world, connecting the Indian Ocean with northeast Asia, including Chinese, Japanese, Korean and, Russian ports.[35] Thus, vast amounts of Chinese oil imports are shipped through the South China Sea[36] and the total of energy resources shipped through accounts for as much as one third of global oil movements and one half of global liquid natural gas trade.[37] Cumulatively, $5.3 trillion in trade are passing through the South China Sea per year with the United States accounting for about $1.2 trillion.[38] This third factor brings "external" actors into the dispute around the South China Sea, which are not directly adjacent to its waters. Fourth, as already mentioned above, the region is of great strategic importance. Thus, control of the waters of the South China Sea is particularly central for China, which has proved its geopolitical and strategic interest in the region and growing maritime assertiveness with the construction of a submarine base on Hainan Island.[39] The United States, in contrast, insists on the freedom of the seas and unfettered passage for its military and civilian vessels through the South China Sea.[40] Accordingly, then-Secretary of State Hillary Clinton unequivocally declared that "[t]he United States has a national interest in the freedom of navigation and unimpeded lawful commerce."[41] Of particular relevance in this regard is a pocket more than 200 nm miles distant from coastal shores of respective claimant states often labeled the "doughnut."[42] The freedom of the seas, therefore, constitutes the primary point of disagreement between the United States and China in the South China Sea today.[43] Additionally, the United States has for decades been a treaty ally of the Philippines[44] and Japan[45] and has repeatedly made it clear that it intends to abide by treaty obligations towards its partners in Asia-Pacific, explicitly against potential Chinese threats.[46] Fifth and finally, historical factors and sensitivities are an aspect not to be underrated in their significance. Peter Dutton thus argues that while competition for the region's resources alone may be a significant source for conflict

[34] Beckman (2013b, p. 152).

[35] Beckman (2013b, p. 143).

[36] Fravel (2011, p. 296), Buszynski (2013, p. 5).

[37] U.S. Energy Information Administration (2013).

[38] Glaser (2012a).

[39] Bader et al. (2014, p. 4).

[40] Pham (2014).

[41] U.S. Department of State (2010).

[42] Schofield (2013, p. 9), Tønnesson (2012, p. 14).

[43] Tønnesson (2012, p. 7).

[44] *Mutual Defense Treaty Between the Republic of the Philippines and the United States of America*, August 30, 1951.

[45] *Treaty of Mutual Cooperation and Security between the United States and Japan*, January 19, 1960.

[46] For the influence of the dispute on the respective allies see Cruz de Castro (2013), Smith (2013), Rowan (2005).

> the South China Sea also represents the projection of the cultural consciousness of the centuries-long relationship that each coastal nation has had with its adjoining seas. This fact fuels competing modern-day nationalist tendencies among claimant-state populations, tendencies that in turn magnify the importance of the disputes and, during times of crisis, narrow the options for quiet negotiation or de-escalation.[47]

Emotionally charged questions of historical animosities and deriving sovereignty rights claimed by different nation states in the South China Sea, therefore, are of particular importance in the dispute.[48]

In summary, the dispute in the "globally important waters"[49] of the South China Sea involves a complex web of claims and interests. While all these contribute to the immense complexity of the dispute today and are necessary for its holistic understanding, it shall be the factors particularly relevant for consideration from the perspective of international law that shall be regarded in the following. First and foremost, conflicting and overlapping territorial and maritime claims by adjacent claimant states are among these. The international regimes taking effect in this regard shall be presented in the following.

2.3 International Law in the South China Sea

Four conventions opened for signature in 1958 at the First United Nations Conference on the Law of the Sea (UNCLOS I) are among provisions of international law taking effect in the South China Sea: the *Convention on the Territorial Sea and the Contiguous Zone,*[50] the *Convention on the High Seas,*[51] the *Convention on Fishing and Conservation of the Living Resources of the High Seas*[52] as well as the *Convention on the Continental Shelf*.[53] Of particular interest, however, is the 1982 *United Nations Convention on the Law of the Sea*,[54] since it supersedes some of the older treaties and incorporates integral components of the 1958 conventions partly verbatim.

Soon after the United Nations Conference on the Law of the Sea (UNCLOS I), technological developments as well as undecided issues ("leftovers") called for new regulations concerning maritime law. A second conference (UNCLOS II, 1960), however, ended without any formal agreement. Thus, in 1967, then-Maltese Ambassador to the United Nations Arvid Pardo, taking into account technological

[47] Dutton (2011, p. 42).

[48] Schofield (2013, p. 10).

[49] Dutton (2011, p. 42).

[50] United Nations, *Treaty Series*, vol. 516, p. 205.

[51] United Nations, *Treaty Series*, vol. 450, p. 11.

[52] United Nations, *Treaty Series*, vol. 559, p. 285.

[53] United Nations, *Treaty Series*, vol. 499, p. 311.

[54] United Nations, *Treaty Series*, vol. 1833, p. 3, cited as UNCLOS or *Convention*.

developments relating to deep-sea explorations of resources, growing pollution, and particularly the rising potential for conflict stemming from unsolved questions of maritime legal claims in the age of Cold War confrontation called for "an effective international regime over the seabed and the ocean floor beyond a clearly defined national jurisdiction" in his address to the General Assembly.[55] When in 1982 the Third Conference on the Law of the Sea (UNCLOS III) presented its final document for signature after nine years of extensive negotiations, participating states had devised one of the most comprehensive agreements throughout international law which—upon its signing in 1982—has been labeled a "Constitution for the Oceans."[56]

Among the most fundamental provisions of the *Convention*, which entered into force in 1994, are the legal fixation of different maritime zones, their calculation, and states' respective rights within them. The *Convention*, however, provides no provisions as to sovereignty rights and (conflicting) claims of sovereignty.[57] Thus, while it remains "silent on sovereignty over legally defined features," it contains many provisions as to how certain features are to be characterized and which maritime claims go along with them.[58] On this account UNCLOS is "critically important"[59] for the South China Sea dispute since, as Robert Beckman[60] argues, four questions which are addressed in UNCLOS are among the central topics of relevance for the dispute:

1. Which maritime zones may be claimed deriving from the territory of adjacent states and which rights do states enjoy in them?
2. Which offshore features may be subject to sovereignty claims?
3. Which maritime zones may be claimed deriving from offshore features and which rights go along with them?
4. How can claims be harmonized in instances where they overlap or conflict with claims from other states?

With its formal recognition by Brunei in November 1996, all claimant states in the South China Sea have become part of UNCLOS[61] and in 2002 the parties reaffirmed their commitment to the *Convention* with regard to the South

[55] United Nations Division for Ocean Affairs and the Law of the Sea (2012).

[56] United Nations Division for Ocean Affairs and the Law of the Sea (2013a).

[57] Schwartz (2014, p. 2), Beckman (2013b, p. 142), Beckman and Bernhard (2011, p. 3).

[58] Poling (2013, p. 18).

[59] Beckman (2013a, p. 19).

[60] Beckman (2013a, p. 19).

[61] Taiwan represents a special case in this regard. While Taiwan took part in negotiations of UNCLOS I, the People's Republic of China took its place at negotiations of UNCLOS III in 1982. Under Article 1 (2) UNCLOS, Taiwan cannot become a member of the *Convention*. However, considering the fact that UNCLOS represents in large parts codification of customary law and enjoys almost universal acceptance, the *Convention* remains the core point of reference among all claimant states; see Park (2000, p. 14).

China Sea dispute in the *Declaration on the Code of Conduct of Parties in the South China Sea*.[62]

2.3.1 Measuring the Seas

As argued above, among the central aspects of UNCLOS is its stipulation of different maritime zones to costal states, i.e., states that are adjacent to seas and have a coastline.[63] According to UNCLOS, zones include (1) internal waters, the (2) territorial sea, the (3) contiguous zone, the (4) exclusive economic zone, the (5) continental shelf, the (6) high seas, and the (7) Area. In addition to these zones, the role of offshore features such as islands, rocks, and reefs shall be considered in the following since it is of central importance in the South China Sea dispute.[64]

The baseline plays a crucial role in determining the starting point for the delamination of different maritime zones. In principle, the baseline is defined as "the low-water line along the coast as marked on large-scale charts officially recognized by the coastal State."[65] While ambiguity regarding the determination of the baseline has repeatedly been subject to litigation, UNCLOS stipulates further provisions as to the repercussions of reefs, mouths of rivers, bays, and other geographical features for the calculation of baselines, including the option to draw straight baselines in "localities where the coastline is deeply indented and cut into, or if there is a fringe of islands along the coast in its immediate vicinity."[66]

1. Waters stretching from the landward side on the baseline (including bays, rivers, and lakes) form the internal waters over which the state exerts complete sovereignty and in which the right to innocent passage does not apply.[67] Archipelagic waters of such island states as Indonesia or the Philippines ("archipelagic States") also fall in this category of internal waters with the distinction that innocent passage must be ensured within archipelagic waters.[68]
2. The territorial sea stretches seawards from the baseline. International (customary) law has historically known different methods for delimiting the breadth of territorial sea, which according to the *Convention* may be claimed "to a limit not exceeding 12 nautical miles."[69] In their territorial sea the state may exert full

[62] ASEAN (2014).

[63] Rothwell (2013, p. 14).

[64] The following is merely a brief overview over the different maritime zones as they are crucial for the dispute in the South China Sea from the perspective of international law. Detailed accounts can be found in Crawford (2012, pp. 255–330) and Tanaka (2012).

[65] Art. 5 UNCLOS.

[66] Art. 7 UNCLOS.

[67] Arts. 8 and 2 (1) UNCLOS.

[68] Arts. 46–54 UNCLOS.

[69] Art. 3 UNCLOS.

sovereignty which "extends to the air space over the territorial sea as well as to its bed and subsoil" and thus also includes the exploration of resources within this area.[70] Regarding the territorial sea, Article 17 UNCLOS establishes the right of innocent passage through these waters.

3. States have the right to declare a contiguous zone adjoining to the territorial sea.[71] In this zone, which is not permitted to extend beyond a breadth of 24 nm from the baseline, the state enjoys jurisdiction to "prevent infringement of its customs, fiscal, immigration or sanitary laws and regulations within its territory or territorial sea."[72]
4. A maritime zone with particular interest is the exclusive economic zone (EEZ) which stretches up to "200 nautical miles from the baseline from which the breadth of the territorial sea is measured."[73] In the EEZ the coastal state enjoys

> sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds.[74]

   Additionally, the state has the right to establish artificial islands and structures for economic or scientific purposes and enjoys exclusive jurisdiction over them.[75] In cases in which exclusive economic zones of two or more states overlap, Article 74 (1) UNCLOS obligates states "to achieve an equitable solution." Article 74 (2) stipulates that if no agreement could be reached bi- or multilaterally, claimant states shall refer to the mechanisms of dispute settlement under Part XV UNCLOS.[76]
5. An area of particular interest with regard to the exploration of offshore resources is the continental shelf in which huge amounts of oil and gas resources as well as fishery resources are situated.[77] Article 76 (1) UNCLOS, taking into account elder provisions as well as customary law, defines the continental shelf as encompassing

> the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance.

[70] Art. 2 (1) UNCLOS.
[71] Art. 33 (2) UNCLOS.
[72] Art. 33 (1) (a) UNCLOS.
[73] Art. 57 UNCLOS.
[74] Art. 55 (1) (a) UNCLOS.
[75] Art. 60 (1) UNCLOS.
[76] See below.
[77] Crawford (2012, p. 270).

As evident in this provision, UNCLOS seeks to compensate states disadvantaged by geological features of their coastlines by allowing them to legally claim a continental shelf to a distance up to 200 nautical miles even if—in a geological sense—the continental shelf does not reach that far. However, this procedure requires "sophisticated studies of the seabed undertaken by the claimant state."[78] Additionally, Article 76 (1) also allows the state to claim a prolonged continental shelf extending the 200 nm limit in cases in which geological features permit and under limitations of Article 76 (4) and (5) UNCLOS. If the state seeks to claim a continental shelf extending the 200 nm boundaries, it shall submit this intention to the Commission on the Limits of the Continental Shelf (CLCS).[79] Originally, a deadline setting in with the entry into force of UNCLOS in 1994 and lasting for 10 years had been intended. However, the deadline has subsequently been extended to May 13, 2009,[80] which in part contributed to the flaring up of tensions in the South China Sea that year.[81] Regarding the exploitation of resources, both mineral and living, Article 77 (1) UNCLOS stipulates sovereign rights for the coastal state which, however, "do not affect the legal status of the superjacent waters or of the air space above those waters."[82] As with the EEZ, a plethora of cases exist in which questions of delimitation between continental shelves of adjacent or opposing states have come up, particularly against the backdrop of the shelf's huge economic significance and increasing capacities for exploitation. In principle, UNCLOS provides for bi- or multilateral settlement calling for an equitable solution.[83] However, such questions regularly involve great complexity and have frequently had to be decided before international courts such as the International Court of Justice or the International Tribunal for the Law of the Sea.[84]

6. All parts of the sea that neither fall under the internal or territorial waters nor under the contiguous or exclusive economic zone are subsumed as the high sea. The legal character of the high sea has been subject to disputes among international law theorists for centuries. According to UNCLOS, the freedom of the sea includes the freedom of navigation, the freedom of overflight, and the freedom to lay submarine cables, among others permissions.[85]

[78] Poling (2013, p. 16).

[79] Art. 76 (8) in conjunction with Annex II Art. 4 UNCLOS.

[80] United Nations (2001).

[81] Tønnesson (2012, p. 8).

[82] Art. 78 (1) UNCLOS.

[83] Art. 83 UNCLOS.

[84] For example, see *North Sea Continental Shelf Cases* (Federal Republic of Germany v. Netherlands & Federal Republic of Germany v. Denmark), ICJ Reports 1969, p. 3 (February 20, 1969) or the *Dispute concerning delimitation of the maritime boundary between Bangladesh and Myanmar in the Bay of Bengal* (Bangladesh/Myanmar), ITLOS Case No. 16 (March 14, 2012).

[85] Art. 87 (1) UNCLOS.

7. Finally, the Area encompasses "the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction."[86] According to UNCLOS, the Area and its resources are regarded as "the common heritage of mankind"[87] over which no state may claim sovereignty and in which all activities shall "be carried out for the benefit of mankind as a whole."[88] Part XI of UNCLOS dealing with the Area thus breaks with the tradition of the freedom of the sea and formulates a special legal status for the ocean floor.[89]

2.3.2 The Role of Offshore Features

Following a basic principle in maritime law after which 'the land dominates the sea,' offshore features are of great influence in determining the creation and delamination of maritime zones.[90] Robert Beckman thus argues that against the backdrop of UNCLOS five different categories of offshore features have to be considered regarding differences in their respective ramifications on maritime zones states may derive from them. He thus distinguishes between (1) islands, (2) rocks, (3) low-tide elevations, (4) artificial islands, installations, and structures, and (5) submerged features. Questions concerning the attribution of offshore features under these categories, as shall be demonstrated below, are of particular interest for the dispute in the South China Sea with its hundreds of different offshore features.

According to Article 121 (2) UNCLOS, islands are capable of creating their own territorial sea, contiguous zone, exclusive economic zone, and continental shelf. In a sense, they are therefore treated as representing land territory. For that purpose, Article 121 (1) defines what constitutes an island, "An island is a naturally formed area of land, surrounded by water, which is above water at high tide." Some offshore features, however, are not capable of inducing the creation of an EEZ or continental shelf. Article 121 (3) thus stipulates, "Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf." On first sight, the provisions of Article 121 UNCLOS may seem reasonably clear-cut: An offshore feature, regardless of geographic size or human population, is regarded as an island when (a) it "is a naturally formed area of land" and (b) it "is above water at high tide." Permanently submerged

[86] Art. 1 (1) UNCLOS.

[87] Art. 136 UNCLOS.

[88] Art. 140 (1) UNCLOS.

[89] Perhaps for this reason, Part XI was one of the most fiercely debated items in the entire negotiation and only an *Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982* (July 7, 1994), UN Doc A/RES/48/263, provided remedy.

[90] Crawford (2012, pp. 294–5).

features thus do not count as islands. Article 121 (3), however, complicates matters greatly.[91] Following its wording, the capability to sustain human habitation or economic life is the decisive criteria for separating a feature capable of creating an EEZ and a continental shelf from features classified as a rock incapable of creating such zones. However, as James Crawford has demonstrated,[92] the wording is unclear; particularly the qualifying phrase: Is past or future existence of human habitation or economic life sufficient to meet these criteria? Is both economic life and human habitation required, and the "or" thus to be understood cumulatively, or either one of them? Thus, while both islands under Article 121 (1) and rocks are undisputedly capable of creating a territorial sea, the question whether or not offshore features whose classification is contested create an EEZ or a continental shelf is highly controversial.[93]

Another variety of offshore features of relevance are low-tide elevations. A low-tide elevation is defined by UNCLOS as "a naturally formed area of land which is surrounded by and above water at low tide but submerged at high tide."[94] As such it is not entitled to a territorial sea or other maritime zones of its own.[95] However, in situations in which low-tide elevations lie within a "distance not exceeding the breadth of the territorial sea from the mainland or an island, the low-water line on that elevation may be used as the baseline for measuring the breadth of the territorial sea."[96] Therefore, low-tide elevations, though not able to evoke maritime zones of their own, may well influence the calculation of baselines and subsequently the calculation of maritime zones.

With the exception of the creation of certain safety zones around them,[97] artificial islands, installations, and structures, which do not qualify as islands, do not have a territorial sea of their own and neither do they effect the delimitation of maritime zones.[98] However, as argued above, states enjoy exclusive jurisdiction over artificial islands, installations, and structures in the EEZ under UNCLOS.[99]

Finally, submerged features such as reefs perpetually under sea level at high and low tide do not qualify as an island under Article 121 (1) UNCLOS. Therefore, they do not enable states to derive any separate maritime zones from them.[100]

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[91] For a comprehensive analysis of Art. 121 (3) UNCLOS see Elferink (1998). See also Song (2010).

[92] Crawford (2012, pp. 262–3).

[93] Hong (2012, p. 50).

[94] Art. 13 (1) UNCLOS.

[95] Art. 13 (2) UNCLOS.

[96] Art. 13 (1) UNCLOS.

[97] Art. 60 (4) UNCLOS.

[98] Art. 60 (8) UNCLOS.

[99] Art. 60 (1) UNCLOS.

[100] Beckman (2012, p. 2).

2.3.3 The Actors' Claims with Respect to International Law

How can actors' respective claims in the South China Sea be assessed from the perspective of international law? Over the years, all claimant states in the South China Sea have claimed a baseline, a territorial sea, an exclusive economic zone, and a continental shelf through respective domestic legislation.[101] Among claimant states, claims by China and Taiwan, which ostensibly make congruent claims, are by far the most expensive in the South China Sea[102] and shall therefore receive particular attention. One of the key problems in determining different claims and assessing its compatibility with UNCLOS, however, is inadequate information, particularly with regard to Chinese claims.[103] For these reasons, claims have to be inferred from state practice and declarations in cases in which statements are absent or equivocal.

At first, not least because of their significance for the calculation of adjacent maritime zones, the baselines claimed by states in the South China Sea have to be considered. China, Taiwan, and Vietnam have each declared straight baselines under the provisions of Article 7 UNCLOS. While maps submitted to the CLCS seem to indicate a similar course of action by Malaysia, it still has not officially published declarations to that effect, causing the legality of its baselines to be questioned.[104] In its *Territorial Waters of Brunei Act*, Brunei has stipulated its intentions to act in accordance with international law in the measurement of territorial waters.[105] Since no contrary statement has been published by Brunei, as it is required under Article 16 (2) UNCLOS, it may be assumed that the state applies the normal baseline under Article 5 UNCLOS.[106] The Philippines, an

[101] Relevant legal provisions adopted by claimant states include for Brunei the *Territorial Waters of Brunei Act* (1982, revised in 2002); for China the *Law on the Territorial Sea and the Contiguous Zone* (1992), the *Declaration of the Government of the People's Republic of China on the Baselines of the Territorial* (1996), and the *Exclusive Economic Zone and Continental Shelf Act* (1998); for Malaysia the *Continental Shelf Act* (1966), the *Proclamation of the Economic Zone* (1978), the *Exclusive Economic Zone Act* (1984), the *Baselines of Maritime Zones Act* (2006) and the *Territorial Sea Act* (2012); for the Philippines the *Act to Define the Baselines of the Territorial Sea of the Philippines* (Republic Act No. 3046, 1961) and *An Act to Amend Certain Provisions of Republic Act No. 3046, as Amended by Republic Act No. 5446, to Define the Archipelagic Baseline of the Philippines and for Other Purposes* (Republic Act No. 9522, 2009); for Taiwan the *Law on the Territorial Sea and Contiguous Zone of the Republic of China* (1998) and the *Law on the Exclusive Economic Zone and the Continental Shelf of the Republic of China* (1998); and for Vietnam the *Statement on the Territorial Sea, the Contiguous Zone, the Exclusive Economic Zone and the Continental Shelf* (1977) and the *Statement of 12 November 1982 by the Government of the Socialist Republic of Viet Nam on the Territorial Sea Baseline of Viet Nam* (1982), the *Maritime Code of Viet Nam* (2005), and the *Law of the Sea of Viet Nam* (2012).

[102] Schwartz (2014, p. 1), Poling (2013, p. 2).

[103] Schwartz (2014, p. 2).

[104] Beckman (2013b, p. 146), Schofield (2013, p. 11).

[105] Art. 2 (2) UNCLOS.

[106] Roach (2014, p. 36).

"archipelagic State" under Article 46 UNCLOS, has declared archipelagic baselines in accordance with Article 47 UNCLOS.[107] All things considered, questions regarding the legality of baselines claimed by some of the states remain. However, although among claimant states no one has officially protested against the baselines of its neighbors, persistent obscurities regarding the legality of some of the baselines and the connected rights of innocent passage are likely to bring the United States and other (naval) powers to the scene.[108]

Regarding maritime zones claimed from (regular, straight, or archipelagic) baselines, precise delimitations still appear unclear in a number of cases. Albeit, claims of some states, for example those of the Philippines, have been "improving in clarity."[109] Additionally, the Philippines have indicated their intentions to make a submission to CLCS regarding the outer limits of its continental shelf.[110] Thus, while China is likely to object to any future claims submitted by the Philippines, prospective Philippine declarations should clarify the situation.[111] Further unilateral declarations, including one of Brunei in 1988, added clarity.[112] Additionally, Malaysia and Vietnam undertook joint action in 2009 in order to identify their claims before the end of the May deadline and thus presented a joint submission to the CLCS in accordance with Article 76 (8) UNCLOS.[113] In their submission they provided "information on the limits of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured in respect of the southern part of the South China Sea."[114] Additionally, Vietnam submitted a separate declaration to CLCS in 2009, further clarifying its claims concerning the limits of its continental shelf in the northern part of the South China Sea.[115] *Notes verbales* submitted by China and the Philippines in immediate reaction to these submissions objected to the Vietnamese and Malaysian claims and thus the CLCS—according to its rules of procedure[116]—is unlikely to consider the submissions, albeit they have contributed to greater clarity with regard to maritime claims.[117]

The *note verbale* submitted by China the day following the joint submission by Malaysia and Vietnam in May 2009[118] is important from another perspective as

[107] Schofield (2013, p. 11).

[108] Beckman (2013b, p. 146).

[109] Dutton (2011, p. 53).

[110] Beckman (2013b, p. 148). See also United Nations Division for Ocean Affairs and the Law of the Sea (2009a).

[111] Beckman (2013b, p. 148).

[112] Schofield (2013, p. 11).

[113] Beckman (2013b, p. 147).

[114] United Nations Division for Ocean Affairs and the Law of the Sea (2009b).

[115] United Nations Division for Ocean Affairs and the Law of the Sea (2009c).

[116] United Nations Division for Ocean Affairs and the Law of the Sea (2008).

[117] Beckman (2013b, p. 148). See also Schofield (2013, p. 11).

[118] United Nations Division for Ocean Affairs and the Law of the Sea (2009d).

well. For attached to the formal objection to the Malaysian and Vietnamese claims, China submitted for the first time a map in diplomatic documents showing the infamous nine-dashed line, which for long has been a point of contention regarding Chinese claims in the South China Sea. First drawn in the 1930s as internal governmental documents, maps showing Chinese maritime boundaries by a number of dashes or lines began to be published by the Republic of China and were later adopted by the People's Republic of China as well.[119] Nearly the entire South China Sea falls within the u-shaped area outlined by the dashes that later have been reduced to nine.[120] Although by now the line appears on official Chinese maps and passports, its legal status remains contested and largely undefined.[121] China, however, insists on the compatibility of the nine-dashed line with international law in general and UNCLOS in particular.[122] And although—from the perspective of international law—the line may be of little relevance, its psychological and political impact may be incomparably greater.[123]

Regarding China's maritime claims in the South China Sea great ambiguity prevails.[124] A Chinese "policy of 'strategic ambiguity'"[125] may very well be in the interest of Beijing which avoids taking a clear position.[126] However, it complicates matters regarding the assessment of Chinese claims and compels observers to interpret ambiguous statements. Thus, some observers argue that any "reasonable reading" of the map could only mean "that China claims all islands inside the u-shaped line and the waters and continental shelf that can be generated by those islands on the basis of the principles laid down in the law of the sea."[127] China therefore seems to claim about 80 % of the South China Sea by drawing on historic rights predating UNCLOS and other provisions of modern international law.[128] The 1998 *Exclusive Economic Zone and Continental Shelf Act* thus explicitly states that provisions set down therein "shall not affect the rights that the People's Republic of China has been enjoying ever since the days of the past."[129] This conundrum concerning the reconcilableness of international law with Chinese concepts of sovereignty is a further factor complicating the South China Sea dispute and may

[119] Dutton (2011, pp. 44–5).

[120] Beckman (2013b, p. 154). The nine-dashed line is also known as the "u-shaped line" or the "nine-dotted line."

[121] Fravel (2011, p. 295).

[122] Higgins (2013, p. 54).

[123] Tønnesson (2012, p. 9).

[124] Beckman (2013b, p. 155), Dutton (2011, p. 50).

[125] Beckman (2013b, p. 156).

[126] Poling (2013, p. 2), Dutton (2011, p. 45).

[127] Tønnesson (2012, p. 10).

[128] Beckman (2013b, p. 163); see also Buszynski (2013, p. 7). As shall be argued below, this argumentation is of particular importance regarding the Spratly and Paracel Islands.

[129] *Supra* note 102.

be regarded a litmus test for China's approach to international law with its predominantly Western character in general and the law of the sea in particular.[130]

As the overview over maritime claims by adjacent states in the South China Sea has shown, several points of contention exist between claimants that would require a number of bi- or multilateral agreements in order to reconcile claims. The situation, however, is even further complicated by the role of offshore features.[131] In the following, the role of the Spratly and Paracel Islands shall be considered in particular against this backdrop.

As argued above, there are some clear-cut cases regarding the classification of offshore features. Itu Aba, largest of the Spratly Islands, for example, undisputedly constitutes an island and is therefore entitled to a continental shelf and an EEZ of its own. The same holds true with regard to Woody Island, largest islands of the Paracels.[132] At the same time, certain perpetually submerged features are agreed upon to not justify any maritime claims. However, there are countless cases lying in between these two positions. The first problem regarding these cases of dispute is that the number of offshore features in the South China Sea itself remains ambiguous.[133] Gregory B. Poling, however, offers an essay in counting features and holds that in total 50 features in the South China Sea can by defined as islands under UNCLOS.[134] Furthermore, he presents a concise list of islands to be found in the island groups of the Spratlys and the Paracels. Poling thus classifies "to the best of the author's [Poling's] knowledge" nine features attributed to the Paracels and thirty features attributed to the Spratlys as islands under UNCLOS.[135]

Besides difficulties in identifying the number of offshore features in the South China Sea, matters are further complicated by the fact that none of the claimant states have conclusively indicated which of the features they consider to constitute islands under UNCLOS.[136] Any researcher has therefore to resort to public statements and declarations as well as draw inferences from state practice from the perspective of a reasonable observer. Table 2.1 introduced above may serve as a point of reference in this regard. Brunei thus has not made any claims with regard to both the Spratly and the Paracel Islands. China and Taiwan, on the other hand, state the most extensive claims, which seem to be based rather on historic rights than on UNCLOS.[137] Besides claiming the islands due to century-old traditions, they particularly refer to naval expeditions in the late 1940s under Chiang Kai-shek to the Spratly and Paracel Islands as well as to their permanent presence on the largest

[130] For general discussions regarding China's approach to international law see Saul (2013). Regarding China's practice in the law of the sea see Xue (2008) and Greenfield (1992).

[131] Beckman (2013b, p. 149).

[132] Beckman (2013b, p. 151).

[133] Beckman and Bernhard (2011, p. 4).

[134] Poling (2013, p. 20).

[135] Poling (2013, pp. 27–8).

[136] Beckman (2013b, p. 151).

[137] Beckman (2013b, p. 153).

islands of these groups.[138] In the context of negations for the 1951 *Treaty of San Francisco*, ending U.S. occupation of Japan and settling various territorial disputes, Premier of the People's Republic of China Zhou Enlai issued a statement which claimed sovereignty over the Spratlys and Paracels for China and which—reaffirmed in later years—still represents the basis for Chinese claims today.[139] In the 2009 *note verbale* already mentioned above, China thus holds that it

> has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof (see attached map). The above position is consistently held by the Chinese Government, and is widely known by the international community.[140]

As argued above, the attached map contained the nine-dashed (or u-shaped) line, which is of particular importance concerning an identification of Chinese claims regarding offshore features in the South China Sea, particularly the Spratlys and Paracels.[141] As to the understanding and interpretation of the 2009 *note verbale* in this regard, different approaches exist.[142] On the one hand, the first part of the sentence quoted from the note ("indisputable sovereignty over the islands in the South China Sea and the adjacent waters") may very well be read as referring to the territorial sea created by islands and thus be in accordance with the respective provisions in UNCLOS. On the other hand, the second part of the sentence ("enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof") is evocative of terms applied by UNCLOS with regard to rights enjoyed in the EEZ and continental shelf. While the term "relevant waters" remains ambiguous, a reading of this second part would allow for the assumption that China was claiming rights of sovereignty and jurisdiction within the total area marked by the nine-dashed line. Understandingly, protests with regard to the ambiguous note were not long in coming.[143] China, however, reaffirmed its position in a 2011 *note verbale* arguing that

> China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof. China's sovereignty and related rights and jurisdiction in the South China Sea are supported by abundant historical and legal evidence.[144]

Instead of referring to the nine-dashed line and its undefined legal status, China in its 2011 note claimed "abundant historical and legal evidence." Again, as already mentioned above, history and historic rights are evoked in particular with regard to

[138] Kivimäki (2002, p. 535).

[139] Fravel (2011, pp. 293–4).

[140] *Supra* note 119.

[141] Dutton (2011, p. 45).

[142] For the following paragraph on possible interpretations of the Chinese *notes verbales* as well as reactions by other states see Beckman (2013b, pp. 155–6).

[143] United Nations Division for Ocean Affairs and the Law of the Sea (2011a).

[144] United Nations Division for Ocean Affairs and the Law of the Sea (2011b).

the Spratly and Paracel Islands. The role of history or historic claims in international law, however, has been a matter of controversy and litigation for decades in other instances as well.[145]

Nevertheless, while under UNCLOS historic claims or rights are not recognized,[146] China insists on these rights in the South China Sea, as statements from Chinese officials indicate.[147] Some Chinese commentaries thus argue "that their historical notions of sovereignty predate Western international law and should be recognizes as valid ab initio" and accordingly UNCLOS cannot be applied.[148] To this end, China, upon its ratification of UNCLOS in 1996, exercised its right after Article 310 UNCLOS to make declarations or statements regarding the application of the *Convention*.[149] In the statement China refers to Article 2 of its *Law on the Territorial Sea and the Contiguous Zone* (1992) already cited above[150] and lists the Spratlys and the Paracels (as well as islands in the East China Sea) as Chinese land territory. While China is entitled to make declarations under Article 310 UNCLOS, the same article also states that any statements made "do not purport to exclude or to modify the legal effect of the provisions of this Convention." Such, however, is the case with regard to the provisions set down in the declaration made by China in 1996 and invoking these rights, therefore, stands in contrast to the provisions of UNCLOS.[151] While UNCLOS only briefly mentions the concept of historic waters, customary laws accepts it with regard to bays and allows states extended jurisdiction in cases in which claims have been open, long-standing, exclusive, and widely accepted by other states.[152] These criteria, however, are hardly met in regard to the South China Sea, particularly since ancient Chinese records mention the Paracel Islands but are silent on the Spratlys.[153]

Therefore, while the first part of the 2011 *note verbale* may be in line with UNCLOS, the reference to historic rights is not covered by the *Convention*. Leaving room for varied interpretation once more underlines China's "policy of 'strategic ambiguity.'"[154] However, although ambiguity remains, recent years have seen slight changes towards formulating claims in accordance with international law and particularly UNCLOS rather than clinging to historical claims.[155]

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[145] See, for example, Max Huber's verdict in the *Island of Palmas Case* (Netherlands v. USA), Permanent Court of Arbitration 2 U.N. Rep. Int'l Arb. Awards 829 (1928).

[146] Beckman and Bernhard (2011, p. 5).

[147] Beckman (2013b, p. 163).

[148] Buszynski (2013, p. 7). For a discussion of the concept of historic waters see Symmons (2008) and Hong (2012, pp. 62–71).

[149] United Nations Division for Ocean Affairs and the Law of the Sea (2013b).

[150] *Supra* note 102.

[151] Buszynski (2013, p. 7).

[152] Dutton (2011, p. 50).

[153] Buszynski (2013, p. 7).

[154] Beckman (2013b, p. 156).

[155] Kivimäki (2002, p. 536).

As indicated by their recent actions and submissions to the CLCS, Malaysia and Vietnam endeavor to formulate their positions, which are more precise, in conformance with international law.[156] Vietnam, as already indicated in Table 2.1, however, makes extensive claims with regard to the Spratlys and Paracels as well. In a 2009 note verbale to the CLCS in response to China's claims Vietnam thus argues,

> The Hoang Sa (Paracels) and Truong Sa (Spratlys) archipelagos are parts of Viet Nam's territory. Viet Nam has indisputable sovereignty over these archipelagos. China's claim over the islands and adjacent waters in the Eastern Sea (South China Sea) . . . has no legal, historical or factual basis, therefore is null and void.[157]

In view of recent actions, statements, and legislation of said states, however, Robert Beckman holds that Vietnam, Malaysia, and the Philippines seek to bring their positions in line with UNCLOS and "view the South China sea through the lens of international law, particularly UNCLOS."[158]

2.4 Approaches to Conflict Management

After presenting and analyzing the "tangled knot of intractable challenges"[159] in the South China Sea, the question arises whether there are any starting points for dispute settlement or at least management under the auspices of international law. Some observers argue that the issues of dispute in the South China Sea, "while protracted and complex, appear eminently manageable with sufficient time and patience for creative diplomatic solutions."[160] It is in this vein that one "creative diplomatic solution," namely what might be called the "Spitsbergen Plus Approach" shall be introduced and discussed.

2.4.1 Five Premises

While undoubtedly many points of conflict exist, there also is a sound basis for cooperation due to intersections between the interests among claimant states. Of particular relevance in this regard are shared economic interests and particularly interests in exploration of the region's resources.[161] However, a number of premises

[156] Dutton (2011, pp. 51–2).
[157] United Nations Division for Ocean Affairs and the Law of the Sea (2009e).
[158] Beckman (2013b, pp. 152–3).
[159] *Supra* note 11.
[160] Taylor (2014, p. 108).
[161] Dutton (2011, p. 58).

have to be fulfilled—which, to some extent, they already are—in order to facilitate conflict management approaches.

First, states must declare clearly their intentions to refrain from any actions that might further contribute to rising tensions in the South China Sea. Renunciations of further military build-up in the region may not be easy to achieve, "but it comes with the benefit of a moral and legal high ground."[162] In an age in which many countries in the region, particularly China, invest heavily to increase national soft power, making commitments to that effect would certainly be benificial. Second, and connected to the first premise, cooperation in the South China Sea must be regarded as a win-win rather than win-lose situation by claimant states.[163] The shared interests of the claimant states sketched above may serve as a strong basis to fulfill this premise. Third, maritime claims have to be made clear by the actors involved. This premise may appear almost self-evident. However, as the above analysis has shown, claims are far from being unambiguous, although some progress has recently been made in this regard. Ambiguity has fittingly been described as "the enemy of progress"[164] and only if the claimants start to agree on what they disagree on progress towards conflict management becomes possible. Fourth, claims have to be brought into accordance with the provisions of international law. This would not only reveal the areas of dispute but also allow for negotiations and mechanisms of dispute settlement according to UNCLOS.[165] It should be made clear that only under the provisions of international law in general and UNCLOS in particular a basis for conflict management can be found.[166] Again, recent developments in this direction give rise to the hope that this premise can be met. Finally, states should concentrate on maritime claims and postpone territorial claims in the South China Sea which are far less extensive.[167] By sidestepping or shelving the most controversial issues and rather turning to issues more easily resolvable, cooperative development in the region may by initiated.[168] It is exactly this final premise that prompted Deng Xiaoping in 1988 to call parties involved in maritime controversies in the East and South China Sea to "set aside this issue [of sovereignty] for the time being and take the approach of pursuing joint development."[169]

[162] Poling (2013, p. 25).
[163] Dutton (2011, pp. 58–9).
[164] Poling (2013, p. 2).
[165] Beckman (2013b, p. 159).
[166] Poling (2013, p. 4).
[167] Poling (2013, p. 4).
[168] Beckman (2012, p. 2).
[169] Cited in Ministry of Foreign Affairs of the People's Republic of China (2014a).

2.4.2 *Dispute Settlement Under UNCLOS*

UNCLOS itself offers procedures of conflict management.[170] The dispute settlement regime set down in UNCLOS has been described as "the most complex system ever included in any global convention."[171] As already briefly mentioned above, UNCLOS requires states "to achieve an equitable solution" with regard to the delimitation of their exclusive economic zone[172] and continental shelf.[173] Section 2 of the respective articles provides that in cases where "no agreement can be reached within a reasonable period of time, the States concerned shall resort to the procedures provided for in Part XV." Part XV of UNCLOS[174] thus explicitly deals with measures and provisions of peaceful dispute settlement under the *Convention* and the South China Sea, being a semi-enclosed sea after Article 122 UNCLOS, demands particular cooperation between adjacent states with regard to their rights and duties.[175] States are thus obligated under Part XV Section 1 UNCLOS to settle disputes peacefully and in accordance with international law and under the provisions of UNCLOS.[176] In cases in which no settlement could be reached, Section 2, providing compulsory procedures entailing binding decisions, takes effect.[177] Article 298 (1) UNCLOS, however, allows states to opt-out of this compulsory binding dispute settlement mechanism, a right which China exercised in 2006.[178] China thus declared that it "does not accept any of the procedures provided for in Section 2 of Part XV of the Convention with respect to all the categories of disputes referred to in paragraph 1 (a) (b) and (c) of Article 298 of the Convention." Consequently, disputes concerning the delimitation of the territorial sea, the EEZ, or the continental shelf[179] are excluded from the compulsory dispute settlement regime under UNCLOS. While ramifications of this declaration cannot be discussed in detail,[180] China in any event is highly unlikely to accept arbitration under UNCLOS with regard to many issues of conflict in the South China Sea, as indicated, for example, by the response to a Philippine advance in January 2013 to seek such arbitration and as confirmed in a 2014 position paper.[181] Consequently,

[170] For general information on dispute settlement and the law of the Sea see Karaman (2012) and Klein (2005).

[171] Beckman and Bernhard (2011, p. 10).

[172] Art. 74 UNCLOS.

[173] Art. 83 UNCLOS.

[174] Arts. 279–299 UNCLOS.

[175] Art. 123 UNCLOS.

[176] Arts. 279–285 UNCLOS.

[177] Arts. 286–296 UNCLOS.

[178] United Nations Division for Ocean Affairs and the Law of the Sea (2013b).

[179] Arts. 15, 74, and 83 UNCLOS.

[180] For an analysis of the effects of China's 2006 declaration under Article 298 UNCLOS see Beckman and Bernhard (2011, pp. 14–6).

[181] Ministry of Foreign Affairs of the People's Republic of China (2014b).

while China has repeatedly confirmed its commitment to conflict resolution under international law, it is more likely to primarily focus on bilateral negations and thus honor its decade-old tradition in pursuing this approach.[182]

2.4.2.1 The Spitsbergen Plus Approach

Thus, with dispute settlement under UNCLOS aggravated and restricted due to the declarations and statements made by China, the current situation more than ever calls for "creative diplomatic solutions."[183] Over the years, many proposals have been put forth concerning dispute settlement in the South China Sea.[184] In the following, however, a hitherto widely neglected precedence in international law shall be discussed with regard to its applicability in the current dispute.[185]

Signed on February 9, 1920, in Paris, the *Spitsbergen Treaty*[186] settled the status of the Arctic archipelago Spitsbergen, located between Norway and Greenland and discovered in 1596 by Dutch explorer Willem Barentsz.[187] While for centuries questions of sovereignty over the archipelago were immaterial and the area was regarded as *terra nullius* under international law—though people from all over the world have conducted various activities including fishing, research, and mining—the question became acute in the early twentieth century. Particularly since the dawning century saw a rise in new mining technologies and mineral deposits had been found in Spitsbergen, the archipelago became geopolitically important and regulations regarding sovereignty rights and exploitation rights became necessary. On that account, after previous settlements had failed, signatory parties reached an agreement within the context of the Versailles negotiations in the aftermath of World War I regarding the status of the archipelago. The agreement entered into force in 1925 and by now more than 40 states (including China) have signed the *Spitsbergen Treaty*.[188] In Article 1 of the treaty, signatories recognized "the full and absolute sovereignty of Norway over the Archipelago of Spitsbergen." Spitsbergen—later to be renamed in Svalbard—thus officially became part of the Kingdom

[182] Tønnesson (2012, p. 7).

[183] *Supra* note 161.

[184] For proposals towards conflict settlement in the South China Sea see the meanwhile classic Valencia et al. (1999), Gao (1994); as well as the more recent Talmon and Jia (eds.) (2014).

[185] I am much obliged to Enrico Fels who suggested to me the idea of drawing on the *Spitsbergen Treaty* as a precedent in international law.

[186] Officially, the treaty is called *Treaty between Norway, The United States of America, Denmark, France, Italy, Japan, the Netherlands, Great Britain and Ireland and the British overseas Dominions and Sweden concerning Spitsbergen*. The treaty soon became known as the *Spitsbergen Treaty* or *Svalbard Treaty*. See *League of Nations Treaty Series*, vol. 2, p. 8.

[187] For comprehensive histories and interpretations of the treaty see Ulfstein (1995) and Østreng (1977). The following paragraph on the historic overview over the territory and the *Spitsbergen Treaty* draws on The Governor of Svalbard (2012).

[188] Dutton (2011, p. 60).

of Norway under the provisions of the treaty, which included a number of conditions to be adhered to by signatory parties. First, the treaty established a principle of non-discrimination: While Norway has the right to pass legislation in order to regulate activities, all treaty nations, their citizens, and enterprises, enjoy equal rights regarding fishing and hunting with no distinctions to be made on the basis of nationality according to Article 2 of the treaty. Additionally, treaty nations enjoy free and unhampered access to the archipelago and according to Article 3

> shall be admitted under the same conditions of equality to the exercise and practice of all maritime, industrial, mining or commercial enterprises both on land and in the territorial waters, and no monopoly shall be established on any account or for any enterprise whatever.

Second, the treaty provides an early example of indentured environmental regulations. Article 2 thus stipulates that "Norway shall be free to maintain, take or decree suitable measures to ensure the preservation and, if necessary, the reconstitution of the fauna and flora of the said regions, and their territorial waters." Third, Article 8 determines that [t]axes, dues and duties levied shall be devoted exclusively to the said territories."Accordingly, taxation is allowed only to an amount needed for the administration of Spitsbergen/Svalbard, resulting in a significantly lower income tax than in mainland Norway. Finally, under Article 9 the establishment of naval bases or fortifications is prohibited in the archipelago, "which may never be used for warlike purposes." While subsequent years and decades have seen a number of disagreements between signatory parties on the exploitation of maritime resources up until today, the *Spitsbergen Treaty* contributed to regional security and peaceful conflict management and therefore remains a lesson in "creative diplomatic solutions"[189] down to the present day. As such, it may—to a certain extent—serve as a template for the dispute in the South China Sea.

Based on the model of the *Spitsbergen Treaty*, claimant states in the South China Sea could thus agree on joint exploration and exploitation of the region's resources—both living and hydrocarbon. The principle of non-discrimination as laid down in the 1920 treaty could be applied in this regard. Access as well as exploitation rights could thus be granted to all signatory parties on an equal basis. Additionally, claimants could draw on the provisions regarding environmental protection and preservation set down in the *Spitsbergen Treaty*. Regarding further military build-up in the region, the treaty again may serve as a role model. Claimants in the South China Sea could therefore follow the example of the *Spitsbergen Treaty* signed nearly a century ago in agreeing to a peaceful use of the South China Sea and its islands. Albeit dismantling of existent military structures in the region may be elusive, at least a moratorium on further build-up in the spirit of the *Spitsbergen Treaty* and its affirmation that the archipelago "may never be used for warlike purposes" could be established. Joint mining rights, free access,

[189] *Supra* note 161.

a guarantee of environmental protection, the exclusion of (further) military build-up; all these aspects crucial for a peaceful management of the dispute in the South China Sea under international law could be included based on the model of the *Spitsbergen Treaty*.

However, there is one major restriction to be made regarding the role model of the *Spitsbergen Treaty*—and a crucial one at that.[190] This restriction concerns the question of sovereignty over disputed islands. In this regard the situations appears to be incomparably more gridlocked in the South China Sea today than it was in Spitsbergen a century ago. China thus claims "indisputable sovereignty over the islands in the South China Sea and the adjacent waters."[191] Taiwan equally claims the entire islands of the Spratlys and the Paracels and claimant states are unlikely to concede on their respective position in the near future. Thus, within the context of Taiwan-Japanese negotiations regarding fishery agreements in the East China Sea—but ostensible no less applicable to the situation in the South China Sea—the Ministry of Foreign Affairs of the Republic of Taiwan, for example, issued a statement in which it declared that "[s]overeignty cannot be divided or conceded."[192] However, bearing in mind the shared interests in the region, division or concession on sovereignty may not be necessary in order to manage the dispute at hand. For in the statement of the Taiwanese Foreign Ministry, a second part of the phrase cited above may give rise to hope. The statement in entirety thus went, "Sovereignty cannot be divided or conceded, but resources can be shared."[193] This statement is reminiscent of proposals put forth by Deng Xiaoping in the 1980s: In shelving the question of sovereignty for the time being, states may as a first step agree on other points of cooperation which are in the interests of all claimant states, particularly the peaceful exploration of the region's resources. Parag Khanna and John Gilman have put forth an interesting proposal in this regard. They suggested the establishment of a "South China Sea Exploration Company," a joint stock company of claimant states vested with legal and commercial authorities and listed on a neutral stock exchange. As a concession to China in agreeing to such an initiative, states could agree to admit no further claimants in the South China Sea and—in order to evade conflict between China and Taiwan—select representatives from national energy companies rather than governmental envoys to act on the board of the "South China Sea Exploration Company." These national energy companies could convene and make agreements as to equitable exploration and exploitation of resources. Guaranteeing the freedom of the seas and unhampered commerce, the "South China Sea Exploration Company" could certify companies

[190] It is this aspect that led to the designation of the approach as "Spitsbergen Plus" since here applicability reaches its limits. It also induced the author to speak of conflict management rather than settlement since the question of sovereignty is not conclusively settled but rather shelved for the time being.

[191] *Supra* note 124.

[192] Ministry of Foreign Affairs of the Republic of China (Taiwan) (2013).

[193] Ministry of Foreign Affairs of the Republic of China (Taiwan) (2013).

for the exploration of resources and ban sales of resources exploited outside assigned certifications, a procedure comparable to the handling of "conflict diamonds" from African states.[194]

Without relinquishing claims to sovereignty, claimant states could find common ground and shared interests in the South China Sea dispute. Drawing on provisions set down in the *Spitsbergen Treaty* may serve as a promising approach in this regard. Applicability of the 1920 treaty, however, may be restricted concerning the highly contested question of sovereignty over the respective islands in the South China Sea. Albeit, innovative diplomatic initiatives such as the creation of a "South China Sea Exploration Company" as proposed by Khanna and Gilman could provide remedy. For the time being, by accepting the *status quo*, states could agree to negations and joint endeavors. Through exchange and cooperation on points of common interests, trust and confidence between claimants may be created, allowing—in some future time—to tackle hitherto hotly disputed issues of sovereignty as well.

2.5 Conclusions

As the above analysis has shown, the dispute in the South China Sea is indeed a "tangled knot of intractable challenges."[195] Various actors with different and frequently overlapping claims render the dispute highly complex from the perspective of international law and the 1982 *United Nations Convention on the Law of the Sea*. While great ambiguity remains as to the formulation of respective claims by claimant states—particularly regarding the disputed Spratly and Paracel Islands—and many contentious points persist, past years have seen improvements in clarity and many claimant states seem to be on track in bringing their claims in accordance with UNCLOS. Under the conditions mentioned above (*inter alia* commitment to international law, strive towards less ambiguity, peaceful conduct), dispute management seems to be within the realms of possibility.

Not least shared interests of many claimant states hold out hope concerning conflict management under the auspices of international law. As the discussion of the applicability of the *Spitsbergen Treaty* has demonstrated, states may not be in need to reinvent the wheel, albeit some spokes call for adjustment. The *Spitsbergen Treaty—mutatis mutandis*—thus offers a valuable precedence in managing disputed archipelagos rich in natural resources. Therefore, drawing on the nearly century-old treaty could provide valuable points of departure for conflict management in the South China Sea. However, the treaty may not be applicable par for par. Instead, shelving controversial questions of sovereignty for the time being takes into account historic and regional specifics in the South China Sea. In this vein, the

[194] Khanna and Gilman (2012).

[195] *Supra* note 11.

"Spitsbergen Plus Approach" introduced above may help to create a *modus vivendi* as well as a starting point for further cooperation and confidence-building, turning conflict management into conflict resolution in the future and making sure that no sword will be necessary to untie the Gordian knot of challenges in the South China Sea.

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Chapter 3
Legalism, Developmentalism and Securitization: The Case of Territorial Disputes in the South China Sea

Timo Kivimäki

3.1 Introduction

Securitization of issue areas means an interpretation of something as an existential threat to the securitizer (Balzacq 2010; Wæver 1995). When an issue area is moved into a security framing new rules apply to its handling. Securitized issues are often discussed within a state-centered, nationalistic framing and they are treated in greater priority, secrecy and their handling does not necessarily need to follow the normal rules of democracy or legality: after all solving issues that threaten our very being is more important than democratic rules or legality. Consequently, there is an autocratic temptation for regimes to securitize more issues that is necessary simply to impose a regime favorable for the rulers for handling of things that can be securitized.

In the discussion on South China Sea disputes, this type of securitized framework has been dominant. South China Sea issues are often handled by using a strategic, militaristic, mindset. However, during the past few decades two other types of framings have emerged. On the one hand, there is a framing from the economic viewpoint which emphasizes development and the expense of military approaches in the South China Sea. This approach has presented the main challenge to the militaristic security approach. Recently, however, also a legal approach has begun to challenge the hegemony of securitized discourses. This discourse sees disputes as matters of legality and constructs a common, civilized regional identity that aims at the common interest of civilized legal regulation of interaction between states in East Asia.

This article will look at how the security mindset is connected to the risk of violence in the South China Sea. There is an implicit, but untested, assumption in

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the theory of securitization that securitization of an issue area is, in general, a problem, as it rules the issue area outside the reach of democratic accountability, and brings in the privilege of state-centered, militaristic thinking (Wæver 1995). In this article, such an assumption is tested in the case of territorial disputes of the South China Sea—the Spratly Islands, the Paracel Islands and the Pratas Islands, and two other main features, the Macclesfield Bank and the Scarborough Shoal—and the mechanism that makes security-framing problematic for peace will be revealed. The competing claimants to parts of the South China Sea are Brunei, Cambodia, China, Indonesia, Malaysia, the Philippines, Taiwan and Vietnam (Amer 2002), but since the main security threats have been between China and various Southeast Asian countries, this article will focus especially on these disputes.

Once, this has been done the article will look at the way in which developmentalist discourses have changed, and how legalistic framing could change the strategic debate in East Asia with regards, to the territorial disputes in the South China Sea. While the theory of securitization has so far suggested that "security" cannot be "unspoken" and thus desecuritization needs time to allow the securitized issue area to be de-dramatized, the analysis of this article shows that alternative framing that is in practice incompatible with the security framing, could actively desecuritize issues that have been seen as security issues. The practical incompatibility, here, means that priorities, rules and actors in the alternative framing are not the same as they were if the issue area was dealt with as a security issue. An issue area that is being dealt with as something other than a security issue gets new priorities (say economic priorities or priorities of legal justice, instead of strategic priorities), gets new rules (for example, that it is no longer discussed in secrecy) and is being dealt with by other people (say economists or lawyers instead of soldiers), and thus, becomes desecuritized.

Finally, the article will reveal the way in which the desecuritization of territorial disputes makes territorial disputes less dangerous. Empirical evidence will be shown about this in the case of developmentalist desecuritization, while the treatment of opportunities to frame territorial disputes in legal terms will be more speculative.

3.2 Security Mindset, Common and Conflicting Interests

States are defined territorially as units of governance within borders. As a result activity that aims at national security tends to take territories rather seriously. Furthermore, to "exercise stateness", states need to exercise control over a defined territory. Thus the danger in disputed maritime areas is related to the fact that sovereignty is established and demonstrated by means of force. This is especially true for maritime areas that cannot be permanently occupied. The only way of demonstrating that an area belongs to the sovereignty of a nation, there, is by means of use, surveillance and denial of "illegal" use by others. This logic is explicated

very well in the Philippine Presidential Decree, which claims Philippine sovereignty over some of the Kalaya'an (Spratly) Islands and maritime territories: "by reason of history, indispensable need, and effective occupation and control established in accordance with the international law, such areas must now be deemed to belong (to) and (be) subject to the sovereignty of the Philippines" (Marcos 1978). The Vietnamese Foreign Ministry (Ministry of Foreign Affairs of the Socialist Republic of Vietnam 1981, p. 6) replicates this logic in its claim to some of the Paracel and Spratly Islands by trying to prove that

> —Vietnam has been in possession of the two archipelagoes of Hoang Sa and Truong Sa since the time when no other countries claimed sovereignty over them;
>
> —Vietnam has been continuously exercising its sovereignty over these two archipelagoes ever since.

Strategic thinking focuses on actors, their strategies and the outcomes of these strategies (Schelling 1980). Seen from this mind-set, territorial disputes are partly zero-sum games: whatever we win in terms of territory someone else loses. Yet, since we can win or lose either in a violent and mutually destructive process or non-violently, territorial disputes become bargaining games with elements of mutual gain as well as zero-sum elements. Peace is a common interest, while the territorial terms of peace are the zero-sum side of the bargain. Due to the fact that strategic thinking constructs the elements of interaction in territorial disputes in this way, the structural realities of bargaining affect strategic mindset. On the one hand, once the situation is perceived as bargaining, certain bargaining realities become material realities of interaction. On the other hand, strategic thinking has been explicitly linked with game theory and the type of thinking where rational approach to the bargaining structure of interaction is the appropriate one. Thus, to understand strategic thinking about territorial disputes one need to understand the game theoretic logic of bargaining.

3.3 Security Bargain

Bargaining theories (Harsanyi 1956; Nash 1950) that capture the cooperative and zero-sum logics of territorial dispute have revealed two sources of bargaining leverage. On the one hand, the bargainer is strong if his best alternative to a negotiated solution (BATNA) is better than his opponent's. The one who is more afraid of war is the one that has to yield. Dependence on peace is related to a country's willingness to accept casualties, a loss of military hardware and the risk of an all-out war: the more willing it is to accept these, the less dependent it is. Avoiding dependence is visible in any strategic thinking. While military superiority may seem a purely material factor, we have to remember that this superiority depends on willingness to send a superior military capacity in number and quality to these clashes, and on willingness of nations to develop their naval capacities. In the case of maritime disputes, this commitment is not a one-time investment: since

most of these areas do not sustain a permanent military presence, it is not possible militarily to occupy these areas. Instead, military superiority in these areas means continuous commitment to monitor them and be prepared to send a superior force whenever needed.

However, given the common interest in avoiding casualties and destruction in smaller clashes over maritime territorial disputes, dependence on peace is mostly determined by material relative military strength—the one who stands to lose more due to his opponent's superior military strength is the one who has to yield. This relative strength and dependence on peace is occasionally measured based on conflict episodes that show who will have more to lose if the de facto reality of the territorial sovereignty of a disputed area is challenged.

The discourse of maritime disputes in the South China Sea has traditionally reflected the priority of demonstrating to adversaries their dependence on peace. Military logic in such an effort is evident, and communication has been demonstrative and violent, rather than verbal and argumentative.

China demonstrated its upper hand in the dispute over the control of the Paracel Islands in a naval clash in 1974, where a show of force ended in the withdrawal of the Vietnamese navy and the landing of Chinese navy officers on Robert, Pattle and Money Islands in the Paracel Island group (Garver 1992). The eagerness of both parties to make these maritime claims had been influenced by a report by the Committee for Coordination of Joint Prospecting for Mineral Resources in Asian Offshore under the United Nations, showing that the disputed areas could have great energy resources.

The power balance between the two countries in the Spratly Islands was tested on March 14, 1988, in a naval clash between Vietnam and China over the Johnson Reef. Chinese naval superiority was demonstrated in the clash (PRC Naval History, cited in (Garver 1992, p. 10013; Heinzig 1976) where according to Vietnamese sources 3 Vietnamese naval officers were killed and 74 injured (Roberts 1996). As a result, Vietnam has not challenged Chinese de facto sovereignty over the Johnson Reef militarily since the incident.

While the situation in the Mischief Reef (Spratly Islands) between the Philippines and China is more fluid, military might and willingness to risk war have also been tested there. Perhaps the most serious incident took place in February 1995, leading to a strengthening of the Philippine military capabilities focused on the Philippines' power to defend its maritime territories from the Chinese (and Malaysians).

Relative dependence on peace also has to do with coalitions. The Chinese move to show its strength and occupy features in the Paracel island group in 1974 was made after a fundamental material change in the military balance of power related to the withdrawal of US military power from South Vietnam. A year before that, South Vietnam had occupied features in the Paracels and the Spratlys. This was possible because the US still stood on the South Vietnamese side when these takeovers were made.

The Philippines upholds an alliance with the US to avoid being left alone to face a military threat. Still, US support of the Philippines in maritime territorial disputes

has been more limited than the Philippines would have wanted. As long as there is no threat to safe passage along international sea-lines of communication, as long as international law is not blatantly violated, and as long as fighting over maritime territories does not threaten the security of core areas of the Philippines, there has not been significant support for the Philippine claim from the US side. On the contrary, US companies have contracted with China in areas claimed by the Philippines (Roberts 1996, pp. 22–24). Still, the US presence has been a factor affecting the balance of power in the region. According to Simon the importance of providing a balance to China's presence in the South China Sea is the reason why even otherwise neutral nations such as Malaysia and Indonesia tolerate US naval presence in the area (Simon 1998, p. 5). According to many estimates, this is the reason why neither has resisted the new American naval buildup in Darwin and the Philippines.

In addition to US alliances, the cohesion of ASEAN has been used to tilt the perception of the military balance of power in maritime territorial disputes. If ASEAN countries negotiate on maritime territorial issues with China as a bloc, their collective strength will be greater, and thus they will have a better bargaining leverage. After the ASEAN Regional Forum meeting in April 1995, ASEAN has tried to show collective strength in its territorial dialogue with China (Roberts 1996, pp. 20–22). China has agreed to negotiate with ASEAN as a collective group (Roberts 1996, p. 24), but it has not closed the door on the option of bargaining with individual ASEAN nations as well. The latter option has been selected, for example, in the "Agreement for Seismic Undertaking for Certain Areas in the South China Sea By and Between China National Offshore Oil Corporation and Philippine National Oil Company" of December 2004, which represented a new interpretation of the agent structure in South China Sea territorial bargaining by including the Philippines (and later also Vietnam) in an agreement with China, while leaving other ASEAN countries outside of this cooperation. According to Barry Wain this showed how the "Philippine government has broken ranks with the Association of Southeast Asian Nations, which was dealing with China as a bloc on the South China Sea issue" (Wain 1988, p. 14). Thus an agreement between the Philippines and China, joined by Vietnam in a matter of a few months—and thus transforming the agreement into a "Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea," (March 14, 2005)—seriously weakened the interpretation of ASEAN as a collective counterweight to Chinese power in South China Sea territorial disputes.

In general the agent-centered strategic train of thought emphasizing the independence of a negotiated solution is very problematic for peace in territorial issues. If everyone leans towards independence of peace, then nobody will be left to defend peace. This is because, unlike security-based thinking, peace-based thinking is not agent-centered but structural: one cannot have peace for one agent and war for the others. The logic of independence of a negotiated solution is detrimental to peace also because it gives a clear advantage to the militarily strong, thus giving incentives for militarism and aggression. The logic of making adversaries more dependent on peace leads to total strategies of warfare. As Carl von Clausewitz once said,

the one who excludes options for punishing an adversary will have to yield more if his adversary does not exclude military options in coercive bargaining (von Clausewitz 1876).

The other source of bargaining strength (in addition to independence of a negotiated solution) is sensitivity towards the terms of agreement (Harsanyi 1956; Nash 1950). Also sensitivity of one's own terms is clearly visible in strategic, security thinking. Those most prepared to compromise on territorial questions are always the ones who also have to compromise. It has been claimed that the toughening Chinese stand on territorial issues at the end of the 1960s was affected by its concern over its reputation and perceived sensitivity over the terms of peace. According to Lo, since the end of the 1960s China had wanted to make a point of not becoming another Czechoslovakia—ready to compromise its territorial sovereignty (Lo 1989, pp. 7–8). This need to demonstrate unyielding strength is a perfect example of this second element in the logic of power bargaining.

Sensitivity towards the terms of peace is not as solidly grounded in material resources as is independence of a peaceful solution. Instead, it is often based on approaches and interpretations that make compromises extremely difficult and peace almost impossible. Examples of this include treating territorial disputes as questions of existential threat by defining territories in distant maritime areas (where sovereignty over people cannot be exercised, since there are no people there) as crucial symbols of the sovereignty of a country and by the belief that giving up such distant maritime areas would make it necessary to give up one's other territories one after the other.[1] According to the Ministry of Foreign Affairs of Vietnam, the Chinese takeover of features of the Paracels "was a gross violation of Vietnamese sovereignty by the People's Republic of China (Ministry of Foreign Affairs of the Socialist Republic of Vietnam 1979)." Alternatively, compromises have been linked to the threat of hegemony, which also has been treated as an existential threat to national survival. According to a Chinese navy source, "Vietnam's claim and operations there [South China Sea] represent regional hegemony (*Beijing Review*, 18 January 1980, p. 24, cited in (Lo 1989, p. 36)". The presentation of Philippine claims in the South China Sea by President Quirino was similarly treated by China as hegemony: it "is clearly a product of instructions from the United States government (*Peoples Daily*, 26 May 1950)."

In some cases international law is used as an instrument to make it difficult to yield. Vietnam, for example, would not accept Chinese control of the Paracels because it constituted Chinese "defiance of the law of nations and the Charter of the United Nations" (Vietnamese Foreign Ministry 1979). They said that the "Chinese claim over these two archipelagoes—is without juridical grounds and that the Chinese occupation of the Hoang Sa archipelago by force is an act of aggression (Ministry of Foreign Affairs of the Socialist Republic of Vietnam 1981, p. 6)."

[1] This securitizing frame was used in China's discursive bargaining strategy in February 1988 in the James Shoal, when China accused Vietnam of having already grabbed 20 islands from China and being "poised to grab more" (Chinese navy source, quoted in Garver 1992, p. 1012).

Vietnam's rhetoric in trying to associate the Chinese demand with war and Vietnam's own demand based on law are also powerful discursive strategies not uncommon to South China Sea maritime disputes. "The act of aggression of the reactionary clique in the Peking ruling circles against the Hoang Sa archipelago and their scheme to annex the Truong Sa archipelago constitute not only an encroachment upon Vietnam's sovereignty and territorial integrity but also an immediate threat to the interests of the countries in the East Sea area, as well as to peace and stability in Southeast Asia (Ministry of Foreign Affairs of the Socialist Republic of Vietnam 1981, p. 46)." These associations clearly serve the purpose of making bargainers more sensitive to the terms of peace: if yielding means a loss of sovereignty and incidence of war, it is natural that compromises become difficult.

Another discursive strategy to boost one's own sensitivity towards terms of peace is simply to make capitulation impossible. A very central documentation of the Chinese claim shows the use of this strategy in the name of the declaration: "China's Indisputable Sovereignty Over the Xisha (Hsisha) and Nansha Islands (Ministry of Foreign Affairs of the PRC 1980, p. 24)." If Chinese ownership is undisputable, then it is impossible to compromise it. Sometimes acquiescence is made difficult by politicians due to promises made to political constituencies or allies, and sometimes compromises simply hold derogative associations. Sensitivity towards the terms of peace in disputed territories has been boosted by linking non-acquiescence with nationalism and dedication to civilization: "territory once won for civilization must not be given back to barbarism; therefore, territory which was once Chinese must forever remain so, and if lost, must be recovered at the first opportunity (Fitzgerald 1963, p. 12)."

Associating compromises with existential threats to a nation or seeing them as treasonous to the nation or to civilization are all discursive bargaining strategies aimed at boosting bargaining leverage by creating social realities which make compromises too costly. It is not difficult to see that also this bargaining leverage tool of actor-centered strategic thinking is quite detrimental to peace. Fearlessness paired with strength (independence) on the one hand and non-acquiescence and an inflexible commitment to national values on the other constitute the maxims of heroism. This approach to conflicts that is rational from the point of view of the individual nation, but socially irrational if the entire region takes this kind of action. This heroic discourse is therefore not a product of culture, but a product of the objective logic of bargaining. It would be impossible to consider nationalistic heroism without people who can imagine the reality of nations. Yet, if one does, bargaining between nations gives more benefits if one assumes a heroic, fearless and unyielding attitude.

Kuusisto, Alker and Burke have suggested that stories that lend meaning to the politics of war follow certain narrative patterns, the heroic pattern being one of them (Alker 1996; Burke 1966; Kuusisto 2009). Yet, it would be difficult to argue for considering heroism in territorial bargaining as a product of a narrative pattern that is simply inherent in the human imagination or psyche. The material logic of all bargaining structures rewards the heroic bargaining approach, thus, whenever groups of actors are faced with this common structural reality (in bargaining),

they are tempted to develop partisan, heroic norms that are good for their bargaining leverage, but not for the collective social reality of the area.

3.4 Countering Securitization and Creating Alternatives to It

Narrow-minded, actor-oriented strategic security-thinking—or the heroic combat myth, as Burke calls it—is, as shown above, problematic to social rationality (Burke 1966). Issue areas that have been taken into this security framework (things that have been securitized) are being bargained in a setting where collateral damage and costs to social rationality can be accepted in the face of references to the existential threat to the collective actor, the nation (Wæver 1995). While theorists of securitization see securitization simply as something that happens in security speech, it seems clear that the reason that such "speaking of things into the security realm" is possible is simply the fact that securitization makes partisan sense in bargaining situations.[2] Security speech is credible when it resonates with bargaining interests. It is thus the relationship between bargaining interests and the material logic of bargaining that enables the securitization of a dispute.

If heroic bargaining is a result of the material logic of bargaining, then resistance to it could also follow the logic of a super-game level of bargaining (repeated bargaining situations, see Axelrod 1985; Keohane 1986). The first reality faced by heroic bargainers when bargaining situations become more frequent (due to integration and inter-dependence) is the fact that, in the long run, heroic bargaining grows costly. If collective actors all are focused on making themselves fearless and unyielding, many bargaining situations will not result in peaceful solutions. The more frequent the interaction between these collective actors is, the more likely it is that the cost and the "shadow of the future" of the anticipated costs of continuing cooperation will motivate a counter-reaction and an alternative framework to the security-minded framing in bargaining on disputes.

There are plots that frame security thinking which focuses on certain abstract security values in a comical light. The mockery made of the Pentagon or the FBI's data security arrangements by hackers from *Anonymous* or *LulzSec* represent this discursive approach. In the context of Aragón and Castilla, the tragicomic hero, Don Quixote, represents a more classical parody of the heroic combat myth. In these discursive (parodied) strategies, the credibility of socially irrational security thinking is eroded by making it look ridiculous. This is necessary and possible due to the growing international (intra-Aragon/Castilla) interaction that demonstrates the costs of partisan bargaining strategies.

[2] Securitization outside of the context of heroic bargaining is, of course, possible, as the case of securitization of the climate change shows. Obviously, in these situations the structural setting that enables credible security rhetoric is different.

Instead of attacking security thinking, developmentalism offers alternatives to the security framework. The developmentalist approach recognizes the expense incurred by selfish framing, and suggests a structure focused on strategies where the individual and social interests are moderated. Interaction is directed so that the common benefits of economic exchange become the center of attention, while relative gains take second stage. While egoistic concerns still play an important role in the developmentalist framing, the diagnosis of international interaction is affected by a recognition of inter-dependence and the anticipation of future situations of cooperative exchange which make deceptive, uncooperative approaches less attractive. Developmentalism does not challenge the agent-centered logic of security thinking. Instead, it simply focuses on economic issues, whereas logic leads to a more cooperative approach.

The main developmentalist initiative with regard to the South China Sea dispute is the Chinese initiative to move the focus from the issue of sovereignty to that of joint development and regional cooperation in the disputed areas. Peace in the South China Sea area, according to the Chinese position, can be achieved by "shelving disputes and going in for joint development". In other words, the strategy is based on restraint, delinking and freezing the issues that divide (the dispute on sovereignty) from the necessity of cooperation and a focus on the common interest of development. While this strategy has also been supported in Southeast Asia, ASEAN has also focused more on legal approaches to the settlement of territorial disputes.

Legalism moves further away from egoistic security thinking by focusing on principles rather than actors. This framing does not confront the heroic combat myth; instead it offers an alternative way of thinking, which is simply incompatible with the combative one. This thinking, if adopted, makes security concerns just as irrelevant as the potential security concerns of Boston's populace would be in relation to a possible threat from New York City.

The most relevant legal norms related to the disputes in the South China Sea are: the United Nations Convention on the Law of the Sea of 1982; the 2002 declaration on the Conduct of Parties in the South China Sea; and, among ASEAN states, the ASEAN Charter of 2007; the Treaty of Amity and Cooperation of 1976; the ASEAN Concord declarations I (1967) and II (2003); and the ASEAN Security Community Plan of Action (2008). Furthermore, dispute behavior in the region is traditionally regulated by the UN Charter, especially its article 2(3) on peaceful settlement of disputes, article 2(4) and Chapter VI on the use of force. While China also appreciates the legal approach, its main focus is on the developmentalist approach; one aimed at joint development and regional cooperation. Efforts at legal arbitration, such as the Philippine initiative at a Permanent Arbitration Court for example, have been met with some hostility by the Chinese administration. They have been seen as efforts to involve "outsiders" into Asian problems, and as such they have been securitized. Echoing obediently the official line Yisheng writes in *People's Daily* that "The Philippines persists with their attempt to grab the South China Sea, and have spared no effort to promote the use of international

arbitration. But it should be aware that such actions will exacerbate rather than resolve the dispute with China." (Yisheng 2014).

3.5 The Process of Developmentalist Desecuritization 1980 Onwards

If we look at the solutions of the disputes over the Robert, Pattle and Money Islands in the Paracel Island region between China and Vietnam in 1974, the coercive logic of bargaining was all that mattered. Rules and laws were irrelevant. It has been assumed that the cold strategic logic followed in 1974 in the Sino-Vietnamese conflict in the Paracel Islands was a result of the domestic dominance of the radical forces of the Cultural Revolution (Lo 1989, pp. 74–77). Even though Chi-Kin Lo rejects this claim, it seems clear that the regions—and especially China's approach to international politics—changed once East Asia started focusing on economic development (which is sensitive to the costs of coercive bargaining and heroic battle). The post-Cultural Revolution forces in China's domestic affairs, a group that felt that China needed to utilize the economic potential that peaceful regional cooperation offered, were not eager to consider international politics simply as a struggle or as partisan bargaining. This is why new, less partisan discourses were needed to frame international politics in a new way.

After the bankruptcy of the Chinese Cultural Revolution and the new course of material development-driven policies in China, developmental priorities became the foundation of state legitimacy in China. The same had happened also in Southeast Asia after the ending of the revolutionary wars of Sukarno's Indonesia and the establishment of the Association of Southeast Asian Nations. The Treaty of Amity and Cooperation in 1976 consolidated a regional political culture that saw states primarily as instruments of economic development. By the end of 1970s, East Asia (including Southeast Asia and Northeast Asia) had created a common diplomatic culture that cherished development as the ultimate goal of politics, source of legitimacy for states and the purpose of nations. This change has been measured by Timo Kivimäki in his most recent book Long Peace of East Asia (Kivimäki 2014). This, to some extent pushed aside the rhetoric of security in East Asian international relations. Since state legitimacy became dependent on economic growth, territory became less important and greatness became measured by wealth, not territorial expansion.

The necessity of establishing norms that limit militaristic bargaining for the sake of mutually beneficial commercial and economic developments has since increased the need to limit the logic of total power bargaining (Gallagher 1994; Guoxing 1998). However, instead of finding legal criteria for settling the sovereignty issue, developmental imperatives have mostly pushed China towards shelving (rather than settling) disputed issues and concentrating on development. Deng Xiaoping defined the Chinese model of regional cooperation and joint development in a way which means leaving the problem of sovereignty for the next generations to solve while

using the present to concentrate on joint development (Lo 1989, p. 167). This approach was explicated later in Chinese Prime Minister Li Peng's declaration: "China is ready to join efforts with Southeast Asian countries to develop the Spratly Islands, while putting aside for the time being the question of sovereignty (Guoxing 1998, p. 101)."

A focus on joint development and regional cooperation has brought the issues that unite rather than those that divide into prominence. According to former Philippine President Fidel Ramos, this means an effort to "try to build up something that unites us, and cope with all the problems that separate us (Djiwandono 1994, p. 49)." Public rhetoric on conflicts does not belong to this approach, while about the rhetoric of cooperation and joint development is at the core of the successful East Asian approach after the end of 1970s. The rhetoric and practice of joint development and regional cooperation participate to make the social construction of a reality with a special type of security community possible. In this approach, public rhetoric links cooperation with peace, thus making war less conceivable. This goes against the type of rhetoric in which only military strength and securitized rules of interaction enhance security. Joint development and regional cooperation in the South China Sea can be seen within this context as articulations of a reality putting greater importance on cooperation than on the zero-sum concepts of the military.

In addition to elevating the priority put on factors which unite at the expense of those which divide by linking cooperation with peace, joint development and regional cooperation can, by articulating this concept of non-traditional security, link security to non-divisive, non-zero-sum concerns. Should security in the South China Sea be seen only as a question of a lack of threats to territorial sovereignty, then the concept of security would be associated with issues of a zero-sum nature: for example, if China has sovereignty over the Scarborough Shoal, then the Philippines cannot also have sovereignty there. However, if environmental disasters are also classified as security issues—as is the case in the discourse of joint development and regional cooperation—then security priority will also be put on issues where littoral states share interests. The prevention of environmental catastrophes or problems along the sea-lines of trade is in the interest of all East Asian countries (Desker 2007; Keyuan 1999).

The association between uniting concerns such as development on the one hand and security on the other as well as upgrading the priorities of cooperation are both issues that the rhetoric of joint development creates out of the actual act of speech.[3] However, the rhetoric on joint development also modifies the agent structure in the South China Sea, as it builds confidence and a feeling of commonality among the littoral states. The spirit behind the Declaration on the Conduct of Parties in the South China Sea of 27 October, 2000, was very much focused on this benefit of joint cooperation. Instead of realizing the immediate effects of the joint development trend of discourse, the declaration, together with much of the research on joint

[3] On this in the context of security speech, see Balzacq (2005)) and Wæver (2010) for a debate on whether securitization is an illocutionary or perlocutionary speech act.

development in the South China Sea, focused on the effects of cooperation on the trust and confidence between the elites of the South China Sea nations.

3.6 Results of Developmentalist Desecuritization

Before the change from strategic mindset to developmentalist one up to 59–70 % of regional battle deaths in inter-state and intra-state conflicts were a result of territorial disputes. However, after 1970s, and after the rise of developmentalism and the increased focus on development rather than nationalist or revolutionary expansion, has contributed to the almost total—99.8–99.9 %—disappearance of battle deaths due to territorial conflict in East Asia.[4]

On the one hand, East Asia experienced a drastic decline in all conflicts after the birth of the developmentalist regional culture. Up to 95 % of average annual conflict-related fatalities disappeared if compared to the average annual fatalities of conflicts during the period after the Second World War before the end of the 1970s (Kivimäki 2011).

On the other hand, developmentalism might have had an impact on the importance of territory, as after the beginning of what could be seen as Long Peace of East Asia (1980–), the share of conflict fatalities in territorial disputes of all battle deaths, has been just 2.2–3 % (high and low estimates). Compared to the 59–70 % before developmentalism, one could conclude that developmentalism has indeed reduced the strategic value of territories, emphasized common interests of regional powers and attached existential survival of states more to economic developments than the ability to control a certain territory.

While Chinese battle deaths due to territorial disputes have also declined by 84–95 %, the much more drastic decline elsewhere has created a situation where almost all (98–99 %) territorial disputes during East Asian peace are those involving Chinese participation (Thailand and Cambodia are the only exceptions to the Chinese dominance in territorial conflicts).

It is clear that territorial primacy, and military heroism as ways of thought must be connected to warfare in East Asia during the first decades after the world wars. It is also clear that if states started to see development as their main task and source of legitimacy, their existential threats were no longer as tightly bound to territorial disputes. Finally, it is also clear that the move from strategic/territorial to developmentalist/cooperative was associated with a drastic decline in warfare, especially conflicts over territories. However, the contribution of developmentalism to the pacification cannot be measured from this. Yet, the transformation of East Asian state-identities, especially the identities of the People's Republic of China

[4] Calculations are of average annual battle deaths (as defined in Uppsala/PRIO conflict data), and all conflict data in this article are based on PRIO battle death data, version 3.0 (1946/2008). For the data, see Lacina and Gleditsch (2005).

and Indonesia, from revolutionist/nationalist/militarist into developmentalist ones and the change of focus from nationalist pride to developmental priorities had a clear positive effect both on interstate and intra-state peace (Kivimäki 2011).

The interesting question for regional peace prospects is whether or not the rise of legalism in the debate on disputes has the potential to re-frame these inter-state disputes in a manner that leads the region into a more stable state of peace.

3.6.1 Legalism and Desecuritization

In addition to the developmental priority, legalism has been argued for simply to avoid the costs of securitized bargaining. According to the main drafter of the ASEAN Charter, Dr. Walter Woon "All the members of ASEAN have had historical experience of gunboat diplomacy by external powers. It is not an experience that anyone would care to repeat in the 21st century (Woon 2009, p. 70)." Interesting also in relation to the move towards legalistic frameworks is the understanding that a commitment to legal, rather than military ways of solving disputes does not in itself constitute a compromise to claims made on an area. All the disputants have the same view, but the Philippines makes it quite explicit in the submission of its signature to the United Nations Convention on the Law of the Sea. Paragraph eight states: "The agreement of the Republic of the Philippines to the submission for peaceful resolution, under any of the procedures provided in the Convention, of disputes under article 298 shall not be considered as a derogation of Philippines sovereignty (United Nations 1984)." By making it clear that their acceptance of the development focus (which resembles that of Chinese declarations in the early post-Cultural Revolution times) or of peaceful legal procedures of dispute resolution (as defined by the Philippine declaration) does not involve any compromise of their sovereignty demands. This constitutes a new reality. Once, such declarations confirming sovereignty over a maritime territory required military resistance to the presence of others; but after the emergence of a legal framework, countries could continue to make claims on territories even though they no longer behaved aggressively. Restraint in the use of military means no longer detracts from the credibility of a territorial claim. Legal stipulations also offer an alternative non-violent strategy; that of filing legal protests against the use by others of maritime areas claimed by a nation. Thus, military enforcements of sovereignty claims now have a non-violent alternative.

Here, the strategic consideration of whether or not to accept a legal framework is still actor-centered. The question of whether to regulate one's bargaining by accepting legal limits depends on whether one's self-restraint affects the behavior of others towards oneself to a degree that makes submission to law rational. The strategic logic of this decision can be modeled as a repeated Prisoners' Dilemma. The players adopt a super-game strategy, starting from a preference for cooperative (law-abiding) behavior, while deceptive (non-compliant with the law) behavior by

other states is reciprocated by deceptive behavior to an equal extent (Axelrod 1985, 1986; Keohane 1986).

While the basic norms of non-interference were adopted at one fell swoop—or rather, ASEAN accepted them in 1967, while China did so only more than a decade later—the commitment of East Asian disputants of maritime territories to the Law of the Seas, based on an agreement at the United Nations Convention on the Law of the Seas, December 10, 1982, has been a more gradual process. Power political arguments according to which a territory belongs to my country if my country has managed to control it in the past are still prominent in the rhetoric on maritime disputes. In the ASEAN Regional Forum summit of 1995, China admitted its "willingness to recognize international laws, including UNCLOS, as a basis for negotiating differences (Roberts 1996, p. 24)." Yet negotiating from the position of the UNCLOS does not mean abandoning the historical argument, the use of military coercion or submission to the law (Symmons 2008).

The commitment of ASEAN to the principles of law is of an earlier origin. While the commitment of ASEAN to the rule of law was not originally realized by many, Ramses Amer emphasized this factor in the founding documents of ASEAN—especially the Treaty on Amity and Cooperation of 1976—already some time ago (Amer 1998, p. 39). The development towards an ASEAN Charter has made it difficult for anyone to ignore these foundations anymore. In a spirit of respect for international law, ASEAN countries have managed to settle several of their disputes either bilaterally or under international arbitration (Amer 1998; Ching 1997, p. 28; Simon 1998). As Walter Woon has pointed out, both the international and the bilateral ways of settling disputes have already been agreed upon in the basic ASEAN documents (Woon 2009). Legal stipulations on dispute resolution made in the Charter attempt to articulate social realities in which disputes on the founding principles of relations between Southeast Asian nations appear as matters of legal interpretation rather than issues of national security. This represents an effort to *desecuritize* (move the issue area away from the realm of security) disputes within ASEAN, an undertaking that the Copenhagen School of Security Studies claims cannot be done solely by means of declarations and rhetoric (Wæver 1995). Yet, the credibility of these declarations depends in the first instance on whether the limits of the partisan strategic logic are felt strongly enough to convince all the countries that inter-state disputes would be best negotiated on the basis of a common commitment to international law. The continued Thai-Cambodian border disputes after the signing of the Charter clearly show the limits of commitment to de-securitized, legalized inter-state relations in ASEAN.

With its strategic bargaining logic, the United States has further strengthened the strategic motives for respecting international law. On the one hand, the US, as a trading nation, needs the safety of sea lines of communication, and thus has set a priority on allowing respect for the law to pacify maritime disputes. This is why the US has encouraged respect for international law, even making (vague) threats against disrespect. For example, in 1995, in conjunction with the ARF Summit, the US warned—in ambiguous terms—that it would see it as problematic if any maritime territorial claim made was inconsistent with international law (Roberts

1996, p. 24). Obviously, US promotion of a legal approach lacks credibility due to the fact that the United States itself is not legally committed to the UNCLOS or many of the global legal organizations, such as the International Criminal Court, let alone that the United States recent security operations (such as the ones in Iraq, Syria, Libya, and the drone warfare in Yemen, Pakistan, Somalia and in Iraq and Syria) have increasingly challenged global procedures of UN authorization of military operations.

3.7 A Change of Identities and Institutions

As shown in the previous sections (and already by Axelrod 1985, 1986; Keohane 1986), legalism and developmentalism make sense from the point of view of individual, partisan rationality, as long as sufficient interaction takes place between regular bargaining partners. However, if we look at areas where legalism and development orientation have been totally socialized, we realize that legalism can also be deposited in institutional structures and the perceptions and identities of international actors. In situations of dispute, the prime minister of Sweden does not consider the pros and cons of threatening Finland with her superior military power, because this simply is not done in the Nordic environment. There is no longer anything strategic about the relationship between the two countries. In the case of East Asian maritime disputes, developmental thinking and legalism are creeping in from two sides. They are entering the debate through institutionalization as well as through the development of a legal, "civilized" regional identity.

On the one hand, interdependence creates an identity where the common interests of all of ASEAN (and later, perhaps, East Asia) become relevant, rather than a simple focus on national interests. If the economy of the citizens of East Asia is positively dependent on the economic success of neighboring countries, then one's own interest becomes intertwined with the interests of "that company in the neighboring country that produces components for my factory". In this capitalist rise of interdependence, agency becomes trans-nationalized and regionalized. Once this trans-nationalized agency becomes institutionalized, decision-making centers itself in transnational and regional organizations. Once the Asian Development Bank or the regulation of regional trade in free trade regions becomes stronger, institutions begin reproducing this new developmental logic of politics, leaving less and less space for securitized nationalism.

Legalism also enters into the security discourse through institutional channels, even though legalization is still such a new phenomenon that there is only speculative evidence of its effect on the desecuritization of territorial disputes. ASEAN's dispute settlement in the ASEAN sub-region becomes legally regulated as domestic legislation changes to conform to the stipulations of the ASEAN Charter and as the exact modus operandi of the ASEAN dispute settlement mechanism falls into place. The ASEAN Dispute Settlement Mechanism is now unanimously accepted, but its details are still partly undefined. Article 25 of the ASEAN Charter states that

"appropriate dispute settlement mechanisms, including arbitration, shall be established for disputes which concern the interpretation or application of this Charter and other ASEAN instruments". The Report of the Eminent Persons Group on the ASEAN Charter recommended that the mechanism should be similar to the Vientiane Protocol of the ASEAN Enhanced Dispute Settlement Mechanism of 2004 (ASEAN 2004). This would have been a minimal mandate, from which the Charter would not really have added anything to the already existing mechanism. There was some discussion by the HLTF on whether to provide for adjudication as well as arbitration. This would have been an addition to the Vientiane model. It was decided that, on the balance, ASEAN is not quite ready yet for a formal court. Article 25 allows ASEAN to create a court should that prove to be necessary in future (Woon 2009, p. 72). Thus, the addition to the existing mechanism of dispute settlement offered by the Charter was meager. The Charter elevates the level of commitment to the dispute settlement mechanism, as it obliges the members to take all measures to implement the charter (including changes in domestic legislation if needed), and it shows a commitment to the establishment of an ASEAN court that could make decisive rulings to settle disputes, but it does not really create a fundamentally new mechanism.

Article 5.2 of the Charter stipulates that members of ASEAN "shall take all necessary measures, including the enactment of appropriate domestic legislation, to effectively implement the provisions of this Charter." This is the legal-institutional step towards regional legal regulation of disputes, even though the national will to take this seriously might still be limited (Ewing-Chow 2010). The finding of even a minimalistic formula for expansion of the ASEAN dispute settlement mechanism to the entire ASEAN + 3 region or the expansion of the code of conduct of the South China Sea littoral states into a dispute settlement mechanism would make an East Asian expansion of legal-institutional legalism possible.

The second step in institutional legalization relates to professional cultures. In the early days of the negotiation of the Ligitan and Sipadan Island dispute between Malaysia and Indonesia in 1984, Indonesia sent high-ranking officers to Malaysia to discuss the issue with Malaysian soldiers (Haller-Trost 1995). In today's ASEAN, disputes are increasingly discussed by lawyers. Even though the drafting of the ASEAN Charter, for example, involved strong political surveillance by regional foreign ministries and heads of state (Article 4 and 12, Terms of Reference 2007. High Level Task Force on the Drafting of the ASEAN Charter (HLTF). Available at, Http://Www.Aseansec.Org/Hltf-Tor.Pdf), it was primarily conducted by people from the legal profession (Nguyen 2009, p. 103). In the preparation of the ASEAN Charter, two working groups were established to operationalize the meaning of the Dispute Settlement Mechanism, the High Level Task Force (HLTF) which was to operationalize the human rights mechanism of ASEAN, and the High Level Experts' Group (LEG). Both groups were comprised of legal experts from each ASEAN country (Wah Teck 2010). In addition to these groups, the legal experts of the ASEAN Secretariat had an important role. Normally each chapter of the Charter was first drafted by the secretariat of ASEAN and then deliberated upon by the assistants of the High Level Task Force members. In addition, legal assistants (to

the delegates) often worked out formulations to aid the settlement of controversial paragraphs (Yong 2009, p. 112).

As members of professions other than the legal one know, the preparation of political initiatives by lawyers tends to create a situation in which only the lawyers are able to define the implementation of these political initiatives (since nobody else understands the lawyers' stipulations). This is also the case with the implementation of the ASEAN Charter. According to the ASEAN Secretary General, legal specialists were also to define how the dispute settlement mechanism would be put into practice (Pitsuwan 2010, p. i).

In addition to the institutionalization of legalism, dispute settlement can also be tied to the identities and perceptions of the decision-makers of East Asia. The main drafter of the ASEAN Charter, Dr. Walter Woon, clearly ties the legalistic method of ASEAN dispute settlement to the identity of the ASEAN peoples, nations and the region as a whole as "civilized". This word is the one most commonly used to characterize the identity-based reasons for the ASEAN dispute settlement mechanism where Woon's article analyzes the genesis and rationales of this mechanism (Woon 2009). While the catchword for the development-oriented shelving of disputes was "modernity"—East Asian countries were modern and thus focused on development rather than revolution and expansion—it seems the image of a civilized people and region is the identity that directs policies towards civilized, legalistic dispute settlement.

Yet, so far the intra-ASEAN "civilization" of territorial dispute resolution has remained inside ASEAN and not much of it can be seen in the relationship between ASEAN countries and China. This is why it is too early to tell whether the process of modernized desecuritization will be complemented by civilized desecuritization in the Sino-ASEAN dispute resolution.

3.8 Prospects of Developmentalism, Legalism and De-securitization

In the discourses of the majority of writings on conflicts and wars in East Asia, dispute resolution has been associated with vital national priorities and highly securitized, exceptional conditions. Within this ultra-nationalist framing, the development of common approaches to dispute resolution is unlikely. This is especially so, taken the logic of bargaining that is inherent in securitized interaction, and which puts partisan rationality at odds with social rationality and common good of peace. However, after the rise of developmentalism, East Asian strategic culture has desecuritized to a degree that can be seen in public debate. The impact of such desecuritization can also be seen in the overall decline of violence, and in the decline of fatalities caused by territorial disputes. This we can already show in concrete terms.

Similarly, if ASEAN is now seen as a legally regulated organ with its Charter, then the mechanism created for settling differing interpretations of the rules of interaction are left to the lawyers. This could further de-dramatize dispute resolution in Southeast Asia. We know from the legal handling of the territorial dispute between Malaysia and Indonesia over the Sipadan and Ligitan islands, or that of Pedra Branca between Malaysia and Singapore that this is possible, if the legal framework of dispute resolution is successful. But the treatment of the Thai-Cambodian border dispute on Preah Vihear shows that disputes can also be framed in a securitized, militarized, nationalistic manner.

Within a developmental framing disputes receive less attention as common interests in regional economic development attain greater prominence. However, within a legal framing even the concept of "dispute" is redefined. Disputes, in a legal framing of international interactions, are redefined as different legal interpretations of the constitutionally regulated inter-state interactions in a region. Disputes in the region no longer present the type of existential threat that creates a special security circumstance which lies outside of the legal and economic frameworks and moral codes. Disputes now have a defined settlement mechanism and a legal, professional culture within which they are dealt with. However, this is still only a matter of institutional and legal theory in Southeast Asia, while the strategic considerations as to whether or not to apply legalistic interpretations to specific disputes continue.

If we look at regions in which capitalist development orientations and legalism are emerging or at regions in which this already has taken place, we can see that the processes of development and legalization have their material bases. It is not easy to initiate developmentalism in the absence of material interdependence, or legalism in an area where the temptation to use force and to frame disputes in a strategic manner is too great (for example, somewhere where there is no trust between international actors, or where the possible material gains of military action are great). In the island disputes of the South China Sea, the incentives offered by potential energy resources in disputed maritime territories undoubtedly affect the prospects for joint development. Similarly, China's superior naval power compared with the ASEAN countries also makes the adoption of a legal framework more difficult: if China can secure its goals unilaterally, it does not need the multilateral mechanisms of regulation as much as the other disputants. However, developmentalism—paired with legalism—helps to downplay securitization. Developmental priorities may make the use of overt military power in the South China Sea too costly for China, thus making the legal framework more attractive.

Yet, the credibility of legal framing for resolving disputes are also a matter of rhetoric and interpretation. It is generally assumed that, while an issue area can be securitized in authoritative speech, *de-securitization* cannot be accomplished by rhetoric or texts. Unspeaking security is not an option. However, convincing frameworks, like the legal one, analyses that sideline the mythologies of the primacy of national priorities and knowledge that introduces more civilized discourses for dispute resolution can eventually construct more civil, legal, *de-securitized* realities for development-oriented interaction in East Asia. In such

realities, war might become unthinkable and East Asian peace could become even more stable. While this seems more and more real for Intra-ASEAN relations, more political will is needed to expand such a process of legalistic civilization and desecuritization to the Sino-ASEAN relationship.

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Chapter 4
An Unmanned South China Sea? Understanding the Risks and Implications of the Arrival of the Digital and Robotic Revolution in Military Affairs in the SCS

Tobias J. Burgers

4.1 Introduction

Much has been written in the recent years on the SCS and its possible arising conflicts. Some (Kaplan 2011; Mearsheimer 2014) have argued that it will become one of the defining conflicts of the twenty-first century—if not the most. Others (Chen 2015) argue that it should not be hyped as "the conflict" of the twenty-first century, but nevertheless argue that it would cause serious diplomatic, political and military headaches for the actors involved, while some authors (Taylor 2014) believe that the conflict potential of the SCS is grossly overstated and should be just treated as a regional conflict. What the large majority of academics do agree on is, however, that the conflict is a possible test case on how the world will act and react toward the ever increasing power and rise of China, and how China on the other hand intends to use its newly acquired and increasing power status and that as such the SCS conflict is and will in the near future be one of the major political issues in the region, with the potential to escalate into a serious diplomatic and possible (limited) military conflict (Glaser 2012; Mearsheimer 2010, 2014). Given this it comes as no surprise that in the recent years an extensive number of reports, policy briefings and books have been published. These have focused on wide range of topics ranging from the motivations of the authors, the drivers of the conflict, the actors and their respective policies, the various para-military units deployed and even managed to include some culinary terms to describe certain parts of the conflict—Salami Slicing and Cabbage tactics have by now become commonly accepted terms in the debate on the SCS (Farley 2014; Glaser 2012; Jakobson 2014; Haddick 2014). Furthermore, the more practical side of the SCS has likewise

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widely been discussed: Breaches of sovereignty, possible air identification zones, EEZs, building of new airstrips, using coral reefs as islands, deploying oil rigs, sunken-boats-declared-islands, overhauls of coastguards and new naval procurements by all involved nations have been widely discussed in various forums, publications, blogs, conferences and websites (Bitzinger 2013; Burgers 2015; Heginbotham 2014; Kuok 2014; Yang 2015). As such we can conclude that the debate on the SCS and its future direction has been extensive and perceived from many angles. One angle that remains under-studied and has only marginally been discussed is how the arrival of new military technology would influence the SCS conflict. This is particularly true for the introduction of unmanned systems. It goes without arguing that unmanned systems have already affect and will even change the conduct of military operations other than war (MOOTW) (Singer 2009). As P.W. Singer outlined in his book Wired for War the digital and robotic revolution in military affairs (DRRMA) is causing a paradigm shift in military, security and political affairs and has caused significant drama around the world (Singer 2009). The robotic leg of the DRRMA has manifested itself most visibly in the Middle East—the wars in Afghanistan and Iraq are prime examples of DRRMA military operations. Increasingly the robots are arriving in East-Asia as well (Brimley et al. 2013; Chase et al. 2015). The U.S. Air Sea Battle concept—which is clearly envisioned for maritime operations in East-Asia—leans heavily on the use of unmanned systems, Japan and South-Korea are heavily invested in procuring next generation UAVs and China has recent years greatly expanded its UAV capabilities (Easton and Hsiao 2013; U.S. DOD 2013). No unmanned systems have to-date been used in the SCS, but it is certainly only a matter of time before this changes: China, Taiwan, the United States, Japan, India possess unmanned capabilities (in varying degrees). It is therefore not a question of if, but rather of when unmanned systems will appear in the skies as well as on and below the water of the SCS (Ibid). These systems have in the author's opinion the potential to significantly alter or even completely change the current (human) dimensions of the SCS conflict. The absence of humans allows namely for a much more assertive (and as confrontational) behavior and with no rules, norms nor a framework existing in the SCS the questions remains how robotic systems would be applied and foremost how opposing actors would deal with them (Brimley et al. 2013). Would the arrival of the DRRMA cause a storm in the already unruly waters of the SCS? A review of the current literature does not automatically bring the desired answers: Eglehorn from The Naval Postgraduate School, Chase, Gunness, Morris, Berkowitz and Purser from RAND, Chang, FitzGerald and Jackson from the Center for New American Security, O'Rourke from the Congressional Research Service, Davis from Bond University in Australia, and Hsu, Murray, Cook and Feld from U.S.-China Economic and Security Review Commission have in the last 2 years researched and reported on the possible role of unmanned systems in the SCS. Much of this research however was undertaken as part of larger research on topics ranging from possible arms races in wider Asia, the future military development of the PLA, unmanned systems in East-Asia to military developments in the near seas and broader UAV development by the Chinese military forces. Furthermore, much of

the research has been conducted from a clear US perspective,[1] focuses primarily on China and even the research that focuses on unmanned systems in the SCS is mainly limited to UAVs rather than the full spectrum of the U-abbreviations (UAVs, UUVs and USV respectively) (Chase et al. 2015; Hsu et al. 2013; O'Rourke 2014).[2] As such a knowledge gap on this topic remains and this chapter therefore hopes to contribute to closing this gap.

4.2 Actors, Stakes, Motivations, Recent Developments and Changing Military Tides

Albeit the SCS is (still) secure and safe it has been far from stable in recent years. Much of the instability in the region comes from the competing claims of sovereignty over various swaths of the SCS by the actors involved (Brunei, China, Indonesia, the Philippines, Taiwan and Vietnam). Further contributing to the instability and the willingness of the actors to defend their claims are the recent discovery of sizable reserves of gas and oil, which further raises the economic stakes (Lu 2014, p. 4). Although the competing claims go back several decades they have only intensified in the recent years as China started to use its increasing diplomatic, economic and (para)military might to seek larger control over parts of the SCS, thereby increasingly causing friction and conflict with the other actors (Taylor 2014). Chinese control over the SCS would not only be a breach of their sovereignty (in the case of Vietnam, Taiwan, Brunei, Indonesia and the Philippines), but could also threaten the free shipping lanes on which these actors—and the United States and Japan—are economically dependent. It therefore becomes obvious what is at stake for the nations involved in the SCS conflict—their principal economic prosperity and in the case of China the survival of the Chinese Communist Party (CCP): The CCP is dependent on a continuous economic growth rate of around 7 % a year to provide its citizens moving from the countryside to the cities with jobs and as such economic prosperity and progress (Xu 2011). The kind of economic prosperity and progress which has been at the basis of the CCP's survival in the last four decades and which will ensure that the party can celebrate its 100 year anniversary in 2021 (Herscovitch 2014; Xu 2011). This in turn can partly explain China's assertive behavior in the recent years: It is seeking to secure one of its main export routes. The aim to secure its trade route is nothing new under the sun: the SCS has been one of China main trading routes for a very long time. What however has changed in recent years and which explains its assertive and changed policy are its increased political clout accompanied by ever greater diplomatic, economic and (para) military might which have enabled China to undertake a much more assertive policy. This assertive policy has foremost focused on more

[1] CSS, NPS, RAND and US-CN ESRC are all US government organizations.

[2] It needs to be noted that due to language restrictions the author has only be able to look at literature published in English/German/Dutch.

aggressively claiming the nine-dash-line, which by the other actors is perceived as a clear attempt to dominate the waters of the SCS (Ba 2014, p. 1; Cronin 2014, p. 25; Graham 2014, p. 63).[3] These new policies have triggered a backlash among the other nations active in the SCS and have caused increased diplomatic conflict and awoken the other actors in the region, with Vietnam, the Philippines and increasingly Japan and the United States taking the lead in countering the perceived Chinese threat (Mearsheimer 2010, p. 382). The other actors are engaged in it as well but to a lesser extent: Taiwan controls some islands, but due its longstanding complicated relations with China and their mutual recognition of their respective claims, the degree of conflict between both nations has been relatively limited. Brunei, Indonesia and Malaysia have as a result of their limited diplomatic power and military capabilities, and in the case of Malaysia friendly relations with China, limited their degree of involvement in the conflict.

Vietnamese and the Philippine efforts to defend their territory manifested itself most visibly through deploying more (and more aggressively) para-military naval assets in the region. This has in turn lead to the infamous water-spraying clashes between the coast guards of China, Vietnam, and the Philippines. Clashes have occurred as well in dryer places such as the UN Law at Sea tribunal and at other diplomatic settings (Cohen 2014, pp. 22, 23; Jia 2014, pp. 70–81).

Japan and the United States—as actors with no direct claim in the SCS—have not had the same para(military) presence in the SCS, but have taken increasingly assertive diplomatic stances in the conflict, with the US denying the Chinese claims and disapproving of the "provocative Chinese acts in the region" (Glaser 2014, pp. 53, 54).[4] Beyond the diplomatic offensive the U.S. has opened a military charm offensive as well: It re-established defense ties with the Philippines, seems willing to modernize the Philippine's naval force, has established very modest (naval) military relations with Vietnam and seeks to station up to four Littoral Combat Ships, which are foreseen for operations in coastal waters such as the SCS in Singapore (Glaser 2014, p. 57–59).[5] Japan has likewise condemned Chinese behavior, is considering to deploy naval and air assets in the region and has established military relations with the Vietnamese armed forces (Koda 2014, p. 93; Manyin 2014,

[3] The so called nine dash line (also referred to as nine dotted line) refers to the demarcation line used by the PRC in the SCS. The original line consisted of 11 dashes and was first formulated by the ROC. With the change of government in 1949 the PRC took over the ROC claims, while the ROC—now in Taiwan—continued to claim the nine dash line simultaneously. As most of the territory claimed under the nine dash lines (90 % of the territory of the SCS) overlaps with Philippine, Vietnamese and Brunei claims in the SCS it has become one of main sources of conflict within the SCS. Currently, no legal framework underlays the claims (as they should be based on land masses, which China nor Taiwan does posses to the extent they can claim the degree they do now) and as such there are rejected by all other actors.

[4] Gearan (2014).

[5] Bradsher (2013), Gady (2015).

pp. 1, 22).[6] India has increasingly got engaged as well, with the sales of naval military hardware to Vietnam and the acquisition of Vietnamese oil concessions in the SCS.[7] It thus becomes understandable why the seas in the SCS have gotten stormy in the recent years: Two (China and the U.S.) of the world major powers are present with opposing views, emerging major power India is increasingly involved, Taiwan has clashed several times with the Philippines and Vietnam and the Philippines are actively resisting Chinese incursions (Lu 2014, p. 2). Further adding to the unruly waters are (a) the minor clashes that have broken out between the nations para-military coastguards (b) the fruitless diplomatic initiatives which have not yielded the desired result and (c) the increasing possibility that local and external actors (Japan and the United States) are increasingly considering the possible deployment of military assets. The deployment of military units would mark a sharp turn away from the current situation in which the focus has been on the deployment of para-military units, such as the actors' respective coastguards. Spraying water has however so far been relatively harmless, particularly with the temperatures in the SCS, spraying bullets, however, would be a completely different story.

Yet, if we look at the broader military dynamics in the region the likelihood that in future only water will be sprayed is slowly decreasing. The military tides in the SCS are—much like its waters—gradually changing and are becoming increasingly stormy as well. Military spending in the region has exploded in the recent years and has resembled something of a Black Friday scene at Walmart: Queue up and buy, buy, buy![8] According to the Stockholm International Peace Research Institute, which produces the annual overview of military spending, military spending in Asia has risen over 62 % in the last decade (Perlo-Freeman and Solmirano 2014, pp. 4, 5). Now this is an impressive number, but when placed in a global defense spending context, the degree of the increase becomes even more apparent. In all other regions—with the exception of the Middle East—defense spending has decreased in the last years with the exception of South-East and East-Asia. In both regions the defense spending has increased for over a decade continuously, with foremost China and Vietnam leading the spending boom.[9] Furthermore, since

[6] This would mark the first time that Japan air and naval military forces would be stationed for a longer period in non-Japanese Asian area of operations. For further information see http://www.bloomberg.com/news/articles/2015-02-04/japan-to-consider-expanding-navy-patrols-to-SCS (accessed on 24/02/2015) and http://thediplomat.com/2014/10/vietnams-extensive-strategic-partnership-with-japan/ (accessed on 24/02/2015).

[7] http://www.ndtv.com/india-news/india-to-sell-warships-to-vietnam-increase-footprints-in-SCS-715108 (accessed on 27/02/2015).

[8] http://www.reuters.com/article/2012/10/07/us-defence-southeastasia-idUSBRE8960JY20121007 (accessed on 27/02/2015) and http://www.dw.de/sipri-southeast-asias-defense-build-up-is-a-balancing-act/a-17860646 (accessed on 27/02/2015).

[9] Of all actors involved in the SCS dispute only Taiwan has in the recent years decreased its military spending. All other actors have increased their defense spending.

2012 the region spends more on defense annually than the western and central European nations (Dowdy et al. 2014, p. 6; Perlo-Freeman and Solmirano 2014, pp. 3, 5). In a recent report the global consulting firm McKinsey even argued that South-East Asia is "the next growth opportunity in defense" (Dowdy et al. 2014, pp. 5–7).[10] This raises the question of where all this extra money is going to and second, who is spending all this money? The McKinsey report, as well as the SIPRI year report and Bitzinger's paper indicate that much of it has gone to naval and air military hardware procurements, with land forces only seeing a moderate increase in budgets. The procurements range from next generation radar systems, to fourth and fifth generation jets, silent submarines, missiles foreseen for air, land and naval strike capabilities, amphibious capabilities, stealth ships, new destroyers and corvettes, and even aircraft carriers—the ultimate symbol of military might in naval affairs (Bitzinger 2011, pp. 8–13; Dowdy et al. 2014, pp. 2–9). What stands out in this spending spree is that much of it is focused on procuring high-tech military hardware which is capable of operating in the highest spectrum of violence. Prior much of the defense budget of the actors was spend on relatively 'simple' systems, such as small naval vessels that would not be able to compete in the highest spectrum of military violence (Scharre 2012). Much of the increase in defense spending can be attributed to a single actor, which has increased its defense budget in the last decade, by 170 %: China (Perlo-Freeman and Solmirano 2014, p. 2). The increased Chinese spending has focused on the procurement of new advanced systems and has come hand in hand with high investments in military R&D. The spending spree has manifested itself most visibly in the greatly increased capabilities of the People Liberation Army Navy, which has turned from a brown-water force to a green water navy in record time, and is currently on track to become a blue navy in the next decade (Bitzinger 2011, p. 7). Probably the best visible manifestation of this is the PLAN's new pride, the Liaoning aircraft carrier. The former Ukrainian vessel—which was at one point foreseen as a casino—is now a newly refitted aircraft carrier and is used by the PLAN to gain experience in complexity of operating an aircraft carrier. Having gained operational readiness of the Liaoning in a quite short time span indicates how much China seeks to join the league of aircraft carrier nations. Not only does China plan to join this league, it is directly aiming for a top spot, as it is currently constructing two aircraft carriers and intends to build another five in the decade(s) ahead.[11] Beyond the aircraft carriers, the PLAN has been steadily increasing its diesel submarine fleet, has increased the number of nuclear attack submarines to five, and in the last decade, has taken four boomers—ballistic missile submarines—into operation and is producing at a fast rate Type 52D guided missile destroyers, which in capability can match the current U.S. Navy Arleigh Bruke-class destroyers.[12] What primarily

[10] Ebbinghausen (2013).

[11] Blanchard and Lim (2011).

[12] Osborn (2014), Page (2014).

stands out in these naval developments is the degree of military sophistication of the systems. As such, it seems that the Chinese defense industry has (partly) mastered the production of high-end and high-tech military hardware. Further examples of this are the development of fifth generation jet fighters, such as the J-20 and J-31, which could be able to compete with the F-35 JSFs, and an introduction of a new generation of cruise and ballistic missiles such as the infamous DF-21D, which is unpleasantly known with the US defensive establishment as the "aircraft carrier killer".[13] What furthermore stands out in the Chinese military expansion is that much of the new hardware would enable it to increase its power projection radius. Although it is clearly not to the same extent of the United States—which is capable of globally projecting its military power—China will in the coming years increasingly become capable of projecting power beyond its horizon.[14] Although China is still far from becoming the dominant military actor in the broader Asia region, its increased capabilities have made it currently without doubt the strongest military actor in the SCS. However, increased defense budgets and increased capabilities do not automatically translate into increased tensions. Most nations would follow a similar model of military development and expansion when their economy and respective economic interests grow. Furthermore, Chinese defense spending as a percentage of its GDP has hardly increased and has hovered around the 2.0/2.1 % in average annual number, quite comparable to the 2 % required for NATO members and very well below the US, which spends 3.9 % of its GDP on defense spending (Perlo-Freeman and Solmirano 2014, p. 2). As such, we could argue that China is simply following a 'natural' model of upward economic, diplomatic and military mobility. However, China has managed to use these newly acquired powers in such a (to some extent counter-productive) way that it is increasingly perceived as a threat to regional stability rather than an actor contributing to it. Indeed, China's position in the conflict over the Diaoyu/Senkaku islands, its establishment of an air identification zone, its increasing aggressive air patrols and its building of islands in the SCS are prime indications of how not contribute to regional stability. It comes thus as no surprise that the others actors involved in the SCS have became wary of the Chinese military development and choose not to sit back, relax and enjoy their flights. Rather, all nations involved decided to fly their own course and have increased military spending, which has triggered analysts and academics alike to compare the current arms build up with the British-German naval race a century ago (Mearsheimer 2010, pp. 383, 388). Much like the fear of mobilization, which was the main driver behind rapid outbreak of World War One (WWI), a similar fear could develop in which other nations in Asia-Pacific would try to keep up with Chinese military spending and effectiveness in order to still have a credible deterrent against possible Chinese incursions. However, the clearly increased spending of Vietnam, Taiwan, the Philippines and Indonesia is not even remotely

[13] Keck (2014).

[14] E.g. the Chinese contribution to the anti-piracy mission off the Somali coast.

close to the Chinese increase in defense spending. The combined defense budgets of these nations is not even 20 % of the Chinese defense budget (Perlo-Freeman and Solmirano 2014, pp. 2, 4, 5).[15] Nevertheless, these nations are actively trying to at least keep up with the military build up of China: Vietnam has recently acquired six Kilo class submarines from Russia, is considering buying Russian fighter jets, might receive naval vessels from Japan and is upgrading its military installations and harbors (Thayer 2014a, b, pp. 136–141). The Philippines have been trying to upgrade and acquire new naval vessels, and are trying to restart its (antique) air force and are considering closer defense relations with the United States. Taiwan is actively modernizing its naval forces with stealth ships and second hand vessels from the US Navy and is increasingly effective in the development of indigenous cruise missiles (Burgers 2015).[16] These keep-up-efforts will, however, have only a limited deterrence effect on the Chinese military capabilities as China simply outspends the other nations.

Thus the military tide in the SCS has turned widely in favor of China and will increase to do so in the future, even if larger military actors such India, Japanese or the United States decide to deploy naval forces to the SCS.

Given this military dominance and prior patterns of political and diplomatic behavior it can be expected that China will utilize (to a certain extent) on its new military might, and as such could deploy its naval and air assets in what it deems areas of core interest (Glaser 2012, p. 3). Albeit deployed, they will most likely not be used for direct military action, but rather as a show of force (particularly the future carrier groups). The value and effect such a show of force can have is keenly known to the Chinese military and political leadership who have not forgotten the Third Taiwan strait crisis in 1995, where the presence of two U.S. carrier battle groups effectively changed the strategy of the Chinese leadership (Thies and Bratoon 2004, p. 571). It is therefore not unlikely that the Chinese leadership aims to use their future battle carrier group(s), or other naval vessels for that matter, in a similar matter: As a diplomatic and political tool to enhance its claims in the SCS. This scenario could become even more likely given that the other nations with territorial claims in the SCS have few means and capabilities to even remotely deter a strong PLAN force. This in essence leaves only the U.S.—and possibly Japan or India—with the capabilities to actually deter a possible PLAN fleet sailing into the SCS. However, neither the United States, nor Japan and India would most likely risk a major international political and possible military conflict with China. Given the close economic relations and mutual economic dependency it seems highly unlikely that any nation is willing to risk a sustained military conflict. Rather, what seems more likely is that a state of a phony conflict could develop in which the

[15] Mc Donald (2014).

[16] However, the question here arises to which extent these systems are foreseen for the SCS area of operations, as a Taiwan strait conflict remains the clear military priority for Taiwan and the modernization of the PLAN has clearly affected the military balance in the Taiwan Strait as well.

conflicting sides would seek to deter the adversary and make it consider a retreat via actions such as the locking-on of fire radars and close fly-bys of military jets. Such actions do not actually constitute military violence, and should be regarded as moves in a political game of bluff poker, in which the main aim would be by either side to convince the adversary to retreat and give in to the other's political demands—without the use of violence.

It therefore seems appropriate to conclude that the tensions in the SCS will increase in the coming years as all the actors involved are (a) increasingly vigorously enhancing or defending their claims (b) are building a military deterrence and (c) seem willing to use military bluff poker actions for gaining favorable political outcomes. At same time these tensions will be most likely non-violent and be primarily enacted by China. Yet, they still open up the possibility of a negative spiral in which all sides would try to militarily over-bluff the other.

4.3 Changing Tides in Military Development Which Could Cause Unruly Waters

As earlier mentioned the British-German arms race that took place a century ago is often invoked as a 'how-not-to' example for the SCS, with the British-German naval rivalry considered as a perfect example of how not to repeat the same political mistakes that led to such quick outbreak of WWI. Indeed, in the recent years over and over again the ghost of the British-German arms build up and race has been invoked as a example, warning and message that the current politics, diplomacy and military build up in East-Asia is developing a similar pattern prior to the years of WWI. Japanese prime minister Abe invoked the taunted British-German example in his speech at the 44th Davos World Economic Forum, in which he warned against a military build-up by China, and its assertive policy in its various islands conflicts.[17] Mearsheimer has likewise compared the Chinese military build up to the situation a century ago and so have other various researchers (Holmes 2014; Kim 2015; Mearsheimer 2010, pp. 383, 383; Schofield 1994, pp. 39–46). Albeit similarities exit (declining and rising superpowers, naval military build-up) the situation in the SCS should only carefully be compared to the situation more than a century ago. Instead, the entire discussion and Abe's remarks has to be regarded as a message with a clear political goal rather than a framework on which future directions of the SCS conflict can be based. What, however, is similar to the German-British situation is that much like a 100 years ago the introduction of new military technology is occurring. Throughout history numerous examples (long bow, gun powder, draft, tank) have existed which led to a revolution in

[17] Speech by Japanese Prime Minister Shinzo Abe at the 44th World Economic Forum in Davos, Switzerland. The speech can be found here http://japan.kantei.go.jp/96_abe/statement/201401/22speech_e.html (accessed 14/05/2015).

military affairs, which profoundly changed military strategy and tactics and subsequently political and diplomatic calculus. In the pre-WWI arms build up it was mostly the introduction of the dreadnought battleships, the machine gun and the proper use of artillery (fragmentation shells) which changed military strategy and tactics, and as such entire battlefield. A century later dreadnoughts are a relic of the past and machine guns and artillery will not radically change the battlefield anymore. However, the digital and robotic revolution in military affairs (DRRMA) has to potential to be the machine gun or fragmentation shell of the twenty-first century and could possibly even more radically change military strategy and tactics. Much like the British, German and French generals a century ago, the full impact, consequences and implications of this new revolution in military affairs are not yet fully understood (McNeill 1982, pp. 285, 317). Robotic warfare is perceived as a mixture of half science-fiction, half actual development, with a common view that robotic wars fought by unmanned possible autonomous systems remain something of a dystopian future (Singer 2009, pp. 21–36). However, robotic wars are already taking place, with the CIA campaign in Pakistan, Somalia and Yemen as the primary example, and the use of unmanned systems by the US armed forces in Afghanistan and Iraq as other examples. The DRRMA is clearly not a dystopian future, it is happening already. Unmanned Aerial Vehicles—better known as drones—have already been operational for two decades, and have become integral parts of many militaries' capabilities, with over 70 nations having, developing, or buying UAVs (Singer 2009, pp. 40, 54–59). And the rise of the robots has not been only limited to the blue skies: Unmanned systems are operational or are under development that can operate on soil, on and below water as well as in space (Work and Brimley 2014, pp. 22–30). As such, the DRRMA will be—and quite possibly already is—a major military paradigm which remains unmatched in the history of weapons development: It not only removes the human from the direct vicinity of conflict and replaces it with an unmanned system—a radical change of the concept of conflict, in which since its earliest beginning the human has been at the direct center of conflict—but as well will impact all the spaces (air, sea, land, space and cyber) in which conflict can take place. The largest utility of this revolution is predicted to be in air and naval affairs.[18] Unmanned systems have been famously labeled as ideally suited for the dull, dangerous and dirty work and as such unmanned systems are gradually taking a larger role in naval affairs. Known examples such as the US Global Hawk UAV, the first operational tests of Unmanned Surface Vehicles (USVs) and the United States Navy's usage of Unmanned Underwater Vehicles (UUVs) have shown the exceptional utility of unmanned systems in naval affairs. They can operate longer, patrol vaster areas, are able to do more in hostile environments, and would not risk the life of military personal. Albeit the global DRRMA has been underway for a decade now, the naval component of the DRRMA in East Asia is until now still largely dominated by the U.S. military. This U.S.-held dominance seems to end soon though: China is

[18] Keck (2013). See also Clouet (2012).

developing sophisticated indigenous unmanned systems and has an operational UAV capability. Japan and South Korea are in the process of receiving their batch of Global Hawks. India is actively catching up in the robotics race and smaller military nations such as Taiwan have unmanned capabilities as well. Even the Philippines—which has a very modest defense budget—has declared a strong interest in buying UAV from the U.S. (Burgers 2013, pp. 24–29; Chase et al. 2015, pp. 1–14).[19] In their paper for the Center for New American Security Chang, FitzGerald and Jackson convincingly illustrate that the spread of the robotics revolution in East-Asia cannot be curtailed, as the current military build up in the region is too advanced, too strong and too intentional to be limited in any form (Chang et al. 2015, p. 6). This raises questions on how to view the impact of the introduction of military robotics within the framework of the SCS conflict. First, could it affect the global and regional East-Asian system of political, diplomatic and military rules and norms? In the exiting international relations system much of nations' behaviors and calculus are based on what is allowed, can be done, not done and which boundaries cannot be crossed. As such could the introduction of robotics alter the existing systems? Chang, FitzGerald and Jackson argue that *"The introduction of new technologies of any kind into geopolitical competition risks disrupting long-held patterns of interaction among states with divergent security interests, because new technologies can, in some instances, be used to create or exploit gray areas, probing a defending state's resolve without obviously violating clear proscriptions. In the absence of stable, mutual expectations about the conditions for and consequences of employing certain types of technologies (for example, nuclear weapons), uncertainty about both capability and resolve may prevail."*[20] The CIA drone campaign affirms this view: Prior to this campaign unilateral intrusions into other nations' air spaces in order to lethally strike targets was considered a no-go. Albeit the campaign has attracted a lot of controversy major military powers have throughout the years lowered their criticism and objections and the strikes are by now slowly becoming accepted. Albeit not the norm yet, it clearly illustrates that the introduction of new military technology can influence and even change the existing values and norms in the international systems. Now as it is clear that the robots will change something the question arises what exactly will they change? As the deployment and usage of military robotic systems is rather novel, no system of long established patterns, norms and values exists yet—and the author believes it will not develop any time soon. This makes it difficult to guess to which extent it will create changes. If we again look at the example of the CIA campaign we notice that existing norms and values are not only changed but have led to a much broader spectrum of what would be allowed and accepted. The CIA drone campaign has not been directly been followed by other nations and the world has not (yet) turned into a free-for-all drone strike arena, but indications are that

[19] Moss T (2013), Parameswaran (2015), Beckerman (2014).

[20] Chang et al. (2015, p. 6).

other military nations see drones strikes now as acceptable and if possible would conduct them as well, thereby possibly making drone strikes a new norm.[21]

Now the SCS will obviously not become the next hot-spot for drone strikes, as the region has few terrorists to shoot at. Nevertheless they will be deployed and given their capabilities we can expect that unmanned systems will be used for (a) patrols to counter incursions and enhance a nation's control over its territory and (b) to possibly to make incursions into contested air and sea zones. Given the absence of established patterns on how to handle intrusions by unmanned systems the question arises how nations would handle such intrusions: In cases in which manned systems would intrude a nation's air or sea space the intruded nations would warn the intruders and escort them out of the respective spaces. However, given the absence of human personal this is not possible. If we look other examples in which UAVs have been used for coercive purposes one notices a pattern of uncertainty among the intruded nations. Chang, FitzGerald and Jackson give the examples of UAV incursions by North Korea into South Korea and China into the airspace of the Japanese administrated Senkaku islands (Chang et al. 2015, p. 9). In both cases the intruded nations were highly uncertain of to how engage the UAVs and how to react to this kind of new intrusions. In the end in both cases the intruded nations allowed it and decided not engage the adversaries UAVs (Ibid 2015, p. 9). However, it seems highly unlikely that this pattern of allowing incursions would continue, as it then could develop into an established pattern and possibly even a norm. A pattern or a norm that is clearly disadvantageous to the intruded nations. As such it can be expected that the intruded nation will in the future seek to firmly oppose such action. This can consist of wide scope of actions, with varying degrees of effectiveness: possible options range from filing diplomatic complains to spoofing the signal of the unmanned systems, reprogramming it and sending it back to the existing nation to the firmest option which would be to destroy the intruding unmanned systems. Given the limited effectiveness of diplomatic complains and the high level of technical knowledge needed for spoofing the most feasible and easiest option would be the destruction of the intruding unmanned system. However, such affirmative action would surely be perceived as disproportionate or escalatory—particularly if the unmanned system would not be armed. Chang, FitzGerald and Jackson indeed rightly note that *"the use of these capabilities for coercive purposes serves as a probe of a defender's resolve in a way that*

[21] China for example considered a drone strike against a notorious drug lord which it sought to apprehend. It in the end decided to capture him, rather than sending armed UAVs. Nevertheless the fact that China considered this as viable option indicates to which extent apparently lethal UAV strikes are becoming accepted. For further information see: Perlez (2013). Furthermore, it could be argued that the air strikes of Egypt against Libya and the Saudi-Arabian air campaign against Yemen and the absence of real international objections are the result of the drone strikes campaign as well. As the drone strikes campaign were and is conducted unilaterally it thereby created possibilities for other nations to conduct their unilateral air strikes, such as in the case of the campaigns mentioned here. Drones might be absent in these campaigns, but this rather a due the absence of such systems.

shifts the burden of retaliation and escalation to its adversary."[22] Given indications of next generation unmanned systems' development, this burden would only increase as unmanned systems would be further developed in the future. Their range would improve, so will their endurance, their speed and their artificial intelligence, which all would allow for longer and more assertive operations, particularly if the USV and UUV would be used. An UAV has a limited endurance with the N = Maximum measured in days, whereas the N = Max for USV and UUV would be measured in weeks or even months. USVs and UUVs can thus loiter for months at the border of possible conflict zones, ready for operations in a very short time span.

Now if we translate this theoretical scenario in the praxis of the SCS and look at the current status of unmanned capabilities by the various nations involved and their willingness to deploy them we see that clearly the United States leads the way, but it remains to be seen if the U.S. would deploy unmanned assets in the region, as the unmanned hardware that would be deployed is essentially defenseless. With no close bases the United States would have to send the unmanned systems on long endurance missions with very few limited possibilities to divert their systems. Japan faces a similar challenge and as such it can be expected that Japan will not risk its expensive and newly acquired defenseless Global Hawks, unless air superiority would be achieved, which seems unlikely given the increasing power of the PLA Air Force. This leaves currently China and Taiwan, and in the near future the Philippines, with first generation UAVs that would be able to patrol the skies and monitor terrain. Such could be a first instance of positive development though: It would allow the various nations to better guard their borders and acquire live evidence of possible incursions, all on a near 24 hour basis. This could possibly decrease tensions, as nations will be reluctant to engage in the first round of incursions for fear being labeled as the aggressor, given the subsequent international critique. As such the author expects that sometime in the near future China, Taiwan, the Philippines and possible Vietnam will deploy unmanned systems in the SCS for defensive purposes. When analyzing if any of the local actors would deploy US for offensive coercive actions it seems likely that China, based on its current assertive policies, its significant military dominance which will only increase further, and its leading position in the DRRMA will deploy unmanned systems. A scenario in which it would deploy them in order to create diplomatic incident(s) and raise tensions would not be completely unlikely. From this position it could aim to coerce its adversaries into a treaty which, for example, would acknowledge the Chinese claims as legit and rightful. As such the use of unmanned systems could create unprecedented possibilities and options which China currently does not have, particularly if it would deploy unmanned systems in the framework of salami slicing tactics, slowly and step by step contesting the adversaries' economic zones. Such a scenario is indeed not unlikely. In his article in the National Interest Ryan Martinson argued that China in the recent years has sought to greatly enhance

[22] Chang et al. (2015, p. 9).

its maritime non-lethal non-PLAN capabilities in order to have the capabilities needed for a more assertive policy in the SCS with the aim of eventually of controlling of the sea (Martinson 2015). The deployment of unmanned systems and the scenario described above would fit perfect in this framework of building and deploying more and bigger. Likewise IISS senior fellow Christian La Miere labeled the current Chinese non-violent paramilitary approach in his quite essential book Maritime Diplomacy in the twenty-first century as *paragunboat diplomacy* and unmanned systems seem ideally suited for this purpose (Le Miere 2014). As such the author expects that sometime in the near future China might opt to deploy unmanned systems for coercive purposes in the SCS—albeit only if current existing tactics will not work.

One of the main questions if such a scenario materializes is how the United States will react to such robotic incursions. The United States, as the foremost global security actor, is to a large extent responsible for setting the global security governance framework. Increased incursions and such an arising new vacuum which actively would be created by Chinese incursions would decrease the value of the established security norms—a larger of aim of China as can be noticed by the various other initiatives such as for example the AIBB and the Shanghai Cooperation Organization, which (albeit not stated openly) seem to aim to undermine U.S.-established norms and values in East-Asia. The demise of the norms and values would not only negatively affect the U.S. security dominance, but at the same time would threaten regional security and stability. As such the question of how the United States will react against such tactics is a dual question that will focus on its perception of security in the region. A more assertive China and increasing conflicts in the SCS would, given current political tendencies among the other actors, lead to a bigger call for U.S. involvement in order to stabilize the waters of the SCS. The author therefore believes that the United States will firmly seek to oppose the use of unmanned systems for such intruding tactics as it will diminish regional stability and would decrease the value of the norms and values of the U.S. designed security framework for East-Asia, thereby in essence threatening its global security position. The question remains to which extent China—and the other actors involved—will "listen" to U.S. efforts to keep the SCS calm: Given that it is perceived as declining power it remains to be seen if they would listen at all. Furthermore, as indicated China is actively seeking to contest the US power in the region and this might be a good opportunity to illustrate the declining US power and further increase Chinese dominance in the region. This influences the likelihood that the other local actors would consider coercive unmanned tactics as an option as well: At this point only Taiwan and the Philippines currently or will have in the near future poses UAV capabilities and both nations are not likely to stir the Chinese hornets' nest and increase the possibility of conflict, given that China has the clear political, economical and military advantage. Nevertheless given that the assertive actors—read actors who will deploy unmanned systems first—will have the initial benefit the likelihood these nations will seek to deploy unmanned systems for offensive purposes should not completely be ruled out. If such a development occurs the possibility is present that an unmanned arms race could be started. This should not

mean that unmanned systems would be actively used and that the SCS would become a sea of robotic clashes. Rather the author believes that—foremost give the delicate balance currently existing and the lacking desire by all actors to escalate the situation—all actors will acquire unmanned capabilities, but foremost for the purpose to have a deterrence capability. Given the lack of adequate defense mechanism against intrusions developing something of a second strike capability (the capability to intrude the opposing nation air or sea space with one's own unmanned systems) would become crucial, and as such to have rather than to deploy would become the standard. What however remains highly important in such a scenario and which all actors involved should seek to limit or possibly even avoid is the risk of miscalculation. As described earlier the ever-existing risk that comes with the introduction of new military technological systems and absence of established pattern and norms on how to use them is clearly existent. In this case it would be easy to see how an intrusion and subsequent destruction of unmanned system(s) would lead to a vicious negative spiral in which actors—for political, nationalistic, home discourse, military and other reasons—would not back down, thereby essentially creating the possibility that the situation could develop into a limited war. Albeit this seems unlikely at this given point the author wants to remind the reader that various cases throughout history exist in which a minor incident spiraled very easily out of control—particularly if the political and diplomatic situation is tense as is the case in the SCS conflict. As written earlier the situation in the SCS resembles to some extent the British-German naval rivalry a century ago and the actors involved should seek to establish a framework for the use of unmanned systems in the SCS in order to prevent that the SCS nations suffer from the same devastating results as Germany and Britain did.

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Part II
China Rising

Chapter 5
The South China Sea in China's Developing Maritime Strategy

Marc Lanteigne

5.1 Introduction

The South China Sea (SCS) dispute between China and its neighbours in Southeast Asia has developed into arguably one of the most complicated case studies of a regional maritime sovereignty dispute within international law. At the same time, the SCS represents one of the biggest challenges for Beijing's evolving regional diplomacy and security policies of Chinese leader Xi Jinping since his presidency began in 2013. The question of maritime sovereignty in SCS has been hampered by the number of claimants and the potential for military involvement, as well as the high economic value of the space being contested both in terms of its geostrategic value and the possibility of fossil fuel resources present. About 80 % of the waterway has been claimed by China as its historical waters despite counter-claims from other governments and criticism of Chinese policies from the United States.

With these obstacles in mind, China since 2010 has been seeking a 'small step' approach to legitimising and clarifying its claims in the SCS, using non-military and incremental policies to avoid provoking the use of force from other claimants as well as preventing an overt balance of power scenario which would see a hardening of strategic policies among all the actors in the SCS region and possibly even an arms build-up as a result of the contested nature of the waterway. At the same time, since the start of the Xi Jinping presidency in 2012–3, Beijing has accelerated its maritime policies in the SCS to tacitly deter other claimants to what China has termed its 'blue national soil' (蓝色国土 *lanse guotu*) and to create a more robust

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'peripheral defence' of what the country sees as its southern waters.[1] This process of restricting SCS policies to incrimental approaches and maintaining a degree of strategic ambiguity in the region has benefitted Chinese policy in the region, but the ultimate question of sovereignty in the waterway remains open as China's maritime power continues to grow and the United States contemplates its future security role in East Asia as a whole.

The South China Sea, known in China as the *Nanhai* (南海), covers approximately 3.7 million km^2 of water abutting the western Pacific Ocean and is bracketed by several states in East and Southeast Asia. The SCS extends roughly 1800 km from north to south and about half that distance from east to west. The South China Sea is considered to be a semi-enclosed waterway, as defined in Article 122 of the UN Convention on the International Law of the Sea (UNCLOS).[2] The SCS region is a primary sea lane of communication (*haishang tongdao* 海上通道) or SLoC, for China as well as for many countries in East and Southeast Asia and a main conduit for the trade of maritime goods to Northeast Asia, including China, Japan, South Korea and Taiwan, from Europe, the Middle East and Africa via the Indian Ocean.[3] These goods, including fossil fuels and other raw materials, are often transported via the narrow Malacca Straits which connect the Indian and Pacific Oceans. At the start of the Hu Jintao presidency in 2003, concerns were expressed that the narrowness of the Malacca region as a vital SLoC, coupled with a lack of direct Chinese security presence there, reflected a serious risk to Chinese economic security.

When President Hu Jintao took office, his government began to express concerns about the potential for economic and strategic vulnerability as a result of Beijing not taking on more direct military oversight of key waterways used by Chinese trade, especially the Malacca Straits which was vulnerable to piracy, terrorism and third-party interdiction, a situation Chinese policymakers often termed the 'Malacca Dilemma' (*Maliujia kunju* 马六甲困局).[4] As about 80 % of China's imported oil, especially from the Middle East and Africa, must pass through the Malacca region, and therefore there is the linkage of the SCS to Chinese access to the Malacca region and the Indian Ocean. Although the Xi government has announced plans to diversify its Asian trading routes as part of an emerging 'one belt and one road' (*yidai yilu* 一帶一路) strategy, including potential corridors via Eurasia, Myanmar and Pakistan, the safety of maritime traffic to and from China in the Malacca region remains a strategic priority for Beijing.[5]

Economically, the South China Sea itself is a major source of fish and seafood, and may contain significant oil and gas deposits. A November 2012 report by a representative with the China National Offshore Oil Corporation (CNOOC)

[1] Holmes (2013), Heydarian and Vu (2015).

[2] Gao and Jia (2013), Majumdar (2015).

[3] Raine and Le Mière (2013, p. 29), Glaser (2012).

[4] Lanteigne (2008).

[5] Zhou (2015).

suggested that the SCS could contain approximately 17 billion tonnes of oil and more than 14 trillion cubic metres of natural gas.[6] It remains an open question as to how much of these supplies are viable, and the post-2014 collapse of global petroleum prices has made developing new fossil fuel drilling projects more expensive and less desirable. However, China's energy needs as the country continues its economic modernisation process are such that Beijing cannot afford to ignore lucrative energy supplies so close to its consumers. These supplies would also be sought after by other Asian powers, given the growing need for fossil fuels by the still-expanding regional economies.

However, any such oil and gas development has also been curtailed by disputed and overlapping claims to the waterway by several Asian governments, and China under the Xi Jinping government has taken several steps to ensure that China's claims to the region are respected, while at the same time seeking to avoid a direct military confrontation either with other disputants or the United States. For example, days after Xi Jinping's inauguration as president in March 2013, a small-scale People's Liberation Army Navy (PLAN) exercise took place near the James Shoal (*Zengmu Ansha* 曾母暗沙) in the southern Spratly region, a move which was widely seen as a reminder to the region of Beijing's ongoing commitments in the SCS.[7] As well, Chinese military officials have spoken of using a 'cabbage island reclamation strategy' (*tianhai zaodao de baicai zhanlue* 填海造岛的白菜战略) in the SCS, deploying civilian, military and police vessels in the waterway to create layers of Chinese legitimacy and security in the region, or wrapping up the SCS like a cabbage.[8] These tactics have also been referred by critics as 'salami slicing' techniques, relying on minute measures in order to eventually create a *fait accompli* which would be difficult for other actors, including the United States, to challenge.

In addition to competing claims to parts of the SCS itself, the presence of reefs and tiny island groups which are too small to be permanently inhabited, has also greatly complicated sovereignty issues regarding the Sea. Possession of these features, according to the United Nations Convention on the Law of the Sea (UNCLOS) would also grant to the bearer the accompanying exclusive economic zones (EEZs) surrounding the isles. This would have a significant effect on both the economic composition of the South China Sea and East Asian foreign relations as a whole. China has laid claim to these island groups as part of its historical territories, and much of Beijing's current maritime strategy has hinged on further codifying and clarifying its claims to the majority of the South China Sea despite ongoing protests and counter-claims from other governments in the region, especially the Philippines, an American treaty ally since 1951, and Vietnam. Since 2010, there have been a growing number of maritime security incidents in the SCS between Chinese vessels and those of other claimants.

The United States has looked at the situation in the region with increasing concern, and has called for a diplomatic solution to the dispute. After a long period

[6] Sarah Raine and Christian Le Mière, *Regional Disorder*, 74–5.

[7] Chan and Li (2015).

[8] Haddick (2012), Himmelman (2013).

of strategic focus on the Middle East and Central Asia under the presidency of George W. Bush (2001–9), the Barack Obama administration sought to re-address American interests in East Asia, and began to take a more direct look at the SCS dispute out of concerns over freedom of navigation in the region and the need to reassure allies like Japan and the Philippines that Washington was taking its security commitments in the region seriously.[9] In late 2011, the Obama administration announced the development of an Asia 'pivot' or 'rebalancing' policy, whereby the United States would place greater emphasis on enhancing strategic cooperation in the Pacific. There would also be a redistribution of American naval assets so that 60 % would be deployed in the Pacific Ocean, and augmented strategic ties with regional allies and partners.

Under a November 2011 agreement between President Obama and then-Australian Prime Minister Julia Gillard, up to 2500 US Marines would be stationed in Darwin, close to the SCS, on a rotational basis. There were also plans suggested in 2012 that Australia's Cocos Islands, west of the continent, could house American drone forces.[10] Although the components of the pivot policy did not add up to a direct balance of power strategy towards China, rather a de facto network of watchtowers and tripwires, and many American officials took pains to stress that the rebalancing was not meant to deter any third party, Beijing is concerned about an American-led attempt to roll back Chinese maritime claims through a policy of 'neo-containment'.

5.2 Disputed Island Groups in the SCS

In addition to the SCS itself, the Sea contains four main island groups which are in contention by China and other Asian governments, specifically the Paracels, Spratlys, Pratas and the Macclesfield Bank/Scarborough Reef area. The Paracel Islands, referred to as the *Xisha Qundao* (西沙群岛) in Beijing and by Hanoi on official maps as the *Hoàng Sa,* are located in the north-western part of the SCS, and are claimed in whole by China, Taiwan and Vietnam. The Paracels are composed of approximately thirty islets with the largest, Woody Island, known as *Yongxing Dao* (永兴岛) in China and *Đảo Phú Lâm* in Vietnam, about 2 km^2 in size. Both China and Vietnam had claimed various islands in the region in the early 1970s until the dispute turned violent in January 1974, after the government of the Republic of (South Vietnam) sought to incorporate the Paracels and sent a naval vessel to the region, threatening Chinese fishing boats. The Chinese military responded, and a brief operation by the PLAN ejected the South Vietnamese forces from the

[9] Klare (2013).

[10] 'The US Rebalance Towards the Asia-Pacific: Leon Panetta,' *Shangri-La Dialogue 2012* First Plenary Session Leon Panetta, Secretary of Defense, United States, 2 June 2012, http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/sld12-43d9/first-plenary-session-2749/leon-panetta-d67b; Jennings (2013), Whitlock (2012).

archipelago and established full control over the islands.[11] After North and South Vietnam were unified in 1976, the government of the Socialist Republic of Vietnam continued to press its claim to the island group, naming the islands as part of its Quảng Nam province. Both sides claim the Paracel group based on historical linkages and maps, as well as evidence that the islands were traditionally used as bases by fishing and trade vessels, but Beijing has maintained the Paracels are exclusive Chinese territory.

The other major island group in the SCS is the larger Spratly Islands in the south-eastern part of the Sea. This archipelago, which consists of approximately 700 islands, atolls and reefs, is claimed in whole by China, Taiwan and Vietnam, and in part by Brunei, Malaysia and the Philippines. Despite their distance from southern China, Beijing claims the entirety of the islands as the *Nansha Qundao* (南沙群岛), and Hanoi refers to them as the *Trường Sa*, administered as part of the country's Khánh Hòa province. The Philippines views the islets as the territory of *Kapuluan ng Kalayaan* or Kalayaan Island Group and part of the country's south-western Palawan province. Other claimants have cited the proximity of some of the islands to their shorelines as the basis of their claims and EEZs. Indonesia does not have a claim to the Spratlys but there has been a dispute between Beijing and Jakarta over the sovereignty of waters near Indonesia's Natuna Island.[12] No one country has been able to develop a physical presence on all the main islands of the Spratlys, but installations have been placed on some islands by China, Malaysia, the Philippines and Taiwan since the 1970s, with some cases of claimants seeking to usurp others' territorial gains.

In March 1988, China and Vietnam fought a abbreviated naval battle over the Johnson South Reef in the Spratlys, known in China as the *Chigua Jiao* (赤瓜礁) and in Vietnam as the *Đá Gạc Ma*. The incident was a result of events from the previous year when Beijing sought to place a permanent installation, with backing from the PLAN, on nearby Fiery Cross Reef (*Yongshu Jiao* 永暑礁) in the north-central part of the Spratly region.[13] Hanoi viewed that act as a direct incursion into their territorial waters and responded by sending naval vessels into the region, occupying other nearby islets, while calling upon China to withdraw. Chinese naval forces ultimately clashed with vessels from the Vietnam People's Navy holding the Johnson islets. A short skirmish resulted in approximately seventy Vietnamese casualties (dead and missing) with China re-asserting maintained sovereignty over the region.

The conflict was a product of increased Chinese interests in the South China Sea along with Beijing's emerging 'big international circle' (*guoji daxunhuan* 国际大循环) policies which called for the greater integration of Chinese coastal regions into the global economy, and included the designation of Hainan Island as a

[11] Khoo (2011).

[12] 'China Includes Part of Natuna Waters in its Map,' *Antara News*, 13 March 2014, http://www.antaranews.com/en/news/93178/china-includes-part-of-natuna-waters-in-its-map.

[13] Bussert and Elleman (2011).

Chinese province separate from Guangdong.[14] In 1994, China began to place installations, made first of wood and then later of more durable concrete, on the disputed Mischief Reef (*Meiji Jiao* 美济礁) in the Spratlys despite claims on that region by the Philippines. The closure of the last American military base in the Philippines at Subic Bay in 1992 may have encouraged a more assertive Chinese policy in the region. As a result of the US pivot policy, overall US-Philippines strategic cooperation has increased, but there is still debate in policymaking circles in Manila as to what degree the country should align itself with the US.

Despite these incursions, none of the actors involved, including Beijing, had possessed the naval power at the time to enforce all of its claims, and therefore much of the dispute remained on the diplomatic level. The membership of ASEAN reacted with concern but restraint, and eventually presented Beijing with a joint expression of their dismay over China's actions.[15] The prospect of a heightened level of tension over the final status of the Spratly Islands during the late 1990s seemed a strong possibility. However, since that time Beijing has sought to allay fears about further aggressive moves towards Southeast Asia in the Spratlys while at the same time maintaining its claims. In November 2002, China agreed to a Declaration of Conduct (DoC) of Parties in the South China Sea with ASEAN in Phnom Penh to commit to a peaceful solution to the dispute, and the following year Beijing signed the Treaty of Amity and Cooperation (TAC) with ASEAN governments which included a promise not to threaten the security of other signatory states.[16] This led to a period of quiet as all sides avoided any provocative actions and refrained from overt land claims. All parties including Beijing maintained an 'agree to disagree' stance, and China opted to downplay its claims in favour of pursuing increased economic and diplomatic relations with Southeast Asia as an integral part of its 'charm offensive' diplomacy. There was also much focus on Beijing's part towards bilateral diplomacy with ASEAN governments, and as a result there has been much disagreement within ASEAN over how to address China's SCS interests, ranging from direct criticism (Philippines, Vietnam), to disengagement (Cambodia, Myanmar) to attempts at developing a diplomatic middle ground (Indonesia, Malaysia, Thailand).

There are also the Pratas Islands, composed of three islets forming an uninhabited ring-shaped atoll in the northern part of the South China Sea, are governed by Taiwan out of the city of Kaohsiung, but Beijing retains a claim on the region. In Chinese, the Pratas are referred to as the *Dongsha Qundao* (东沙群岛) and also have no permanent inhabitants. Both sides have largely restrained themselves from direct military operations there, especially in light of the post-2008 warming of cross-Strait relations and economic diplomacy between Beijing and Taipei. The Macclesfield Bank is also claimed by China and Taiwan, while the

[14] Chen Jie (1994).

[15] Segal (1996), Zha and Valencia (2001).

[16] 'Declaration of Conduct of Parties in the South China Sea,' *Association of Southeast Asian Nations*, 4 November 2002 http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea

Scarborough Reef area (*Huangyan Dao* 黄岩岛) is claimed by both actors plus the Philippines, which calls it the Panatag Shoal, while Beijing refers to the Macclesfield Bank / Scarborough Reef area as the *Zhongsha Qundao* (中沙群岛).[17]

5.3 The SCS and China's Maritime Modernisation

Since at least the 1990s, the status of the South China Sea has been increasingly linked to the question of China's rising power, both regionally and internationally. As Beijing began to grow in both economic and strategic power, the country became the main focus of security concerns in the SCS, due in no small part to the extent of China's overall claim to the sea. As Beijing's maritime interests have grown, the South China Sea has played a greater role in China's strategic thinking. Since the start of the reform era, China has sought to develop its naval capabilities away from strictly coastal defence (*jinhai fangyu* 近海防御). In spite of PLAN naval visits and joint operations with other Asia-Pacific navies since the turn of the century, Chinese naval forces until recently remained comparatively inexperienced with 'blue water' (*lanshui* 蓝水) missions further afield of the Chinese coast. These have included PLAN participation in the multilateral counter-piracy operations off the coast of Somalia in the Gulf of Aden since December 2008.[18]

The increasing confidence and flexibility of the PLA(N) as a result of the Gulf of Aden operations was demonstrated in February 2011 when one Chinese warship attached to the coalition, the missile frigate *Xuzhou* (徐州), was diverted to the southern Mediterranean via the Red Sea to oversee the intricate evacuation of over 35,000 Chinese nationals, primarily guest workers, from Libya as that country began its descent into civil war. In March 2015, two PLAN frigates also taking part in counter-piracy operations, the *Linyi* (临沂) and the *Weifang* (潍坊), were directed to the coast of Yemen to assist in the evacuation of Chinese and other foreign nationals as that country erupted in civil conflict. PLAN vessels also assisted American, European and Russian ships in their removal and disposal of Syrian chemical weapons in early 2014.[19] These sorts of operations have illustrated Beijing's interest in developing its maritime forces to address 'Military Operations other than War', or Mootw (*feizhanzheng xing junshi xingdong* 非战争性军事行动), including humanitarian missions, disaster relief, and increasingly, peacekeeping missions.[20] The South China Sea region has been viewed as a necessary outlet for China to develop greater maritime power projection in both the Indian and Pacific Oceans.

The SCS is viewed by Chinese policymakers as an essential component of what has been termed a 'string of pearls' strategy, a reference to various island chains

[17] Li and Li (2003), Johnson (2012).

[18] Lanteigne (2013).

[19] Torode and Chan (2011), Bodeen (2011), Xu (2011), Tiezzi (2015), Yi (2014).

[20] Gill and Huang (2009), Fravel (2011).

which expand outwards from the East Asian coast. The 'first island chain' (*diyi daolian* 第一岛链), which consists of Japan, Taiwan and the Philippines have been referred to in China as the 'middle seas', while the Pacific Ocean to the west of the second island chain (*di'er daolian* 第二岛链), meaning the Kurile Islands of Japan, the Marianas, the Caroline Islands of Micronesia, and Papua New Guinea, are termed the 'far seas'. The consideration of island chains and the waters surrounding them was initially described in a 1988 publication by PLAN Admiral Liu Huaqing, where he examined how the Chinese Navy should best improve its maritime strategic interests. China's naval modernisation starting under Hu Jintao called for an expansion of 'far seas operations' (*yuanhai zuozhan* 远海作战) as an essential means to better project Chinese military capabilities further away from its coastline.[21]

In addition to the island claims, since the early twentieth century Chinese maps began to include a bent horseshoe-shaped dashed line in the Sea which encompassed about 80–90 % of its area and reaching as far south as the Malaysian and Indonesian coasts. The first map to use such a configuration was issued in 1914 but only included the Paracel and Pratas regions. Subsequent charts published in the 1940s were the first to use the line to demarcate the entire maritime claim, and later maps in both China and Taiwan commonly used the line. The original line used on Chinese maps of the SCS, however, had 11 dashes; the two lines near the Gulf of Tonkin were quietly removed on Chinese maps in the 1950s as a result of the strong diplomatic relationship between China and the then-Democratic Republic of (North) Vietnam.[22]

The 'nine-dashed line' had the official title in China of the 'traditional maritime boundary line' (*chuantong haijiang xian* 传统海疆限), but is also referred to as the 'South China Sea nine-segment line' or *nanhai jiuduan xian* (南海九段限). In 2013–2014, the Chinese government released new maps with two significant changes involving the SCS. First, the new maps were vertical, and suggested continuous Chinese maritime areas stretching from the East China Sea (*Donghai* 东海) or ECS, which is also subject to boundary disputes between China, Japan and Taiwan. Previous China maps tended to be horizontal, with the SCS region added in an inset. Second, a tenth 'dash' was added to the east of Taiwan, acting as a further reminder of Chinese policy towards the island as a province of China, and also underscoring the continuity of Chinese maritime claims along the country's coast.

The changes came in the wake of new Chinese passports which were issued, starting in late 2012, which featured a map of China including Taiwan and with the South China Sea demarcated by a ten-dashed line, drawing criticism from the Philippines and Vietnam. These developments were referred to by one analyst as 'mapfare', a duel of information resources regarding the status of the SCS which Beijing was more than willing to engage in.[23] The 'war of documents' also was extended to include alternative names for the SCS brought forward by other

[21] Li (2009), Yoshihara and Holmes (2005), Liu (2004).

[22] Keyuan (1999).

[23] Ma (2014), Mogato (2012), Kazianis (2014).

claimants. As new Chinese maps appeared, Vietnamese maps and reports began making frequent use of the term 'East Sea' (*Biển Đông*) to describe the SCS, and Vietnamese government maps do not include the nine-dashed line, which is often derisively referred to in Vietnam as the 'ox tongue' (*Đường lưỡi bò*). In September 2012, Philippine President Benigno Aquino signed an executive order formally renaming the region of the SCS within the country's exclusive economic zone as the 'West Philippine Sea.'[24]

The dashed line, in its various forms, is the basis of Beijing's claim to the majority of the SCS as China's historical right, an assertion which has been rejected by the other main actors in the disputes. The first modern use of the dashed line was in a 1947 document released by the then-Nationalist government in China. However the historical claims are based on sources from much further in the past, with documents produced which suggested that the SCS region was a source of tributes to the Imperial Chinese regime as far back as the Xia Dynasty (twenty-first to sixteenth century BCE), although physical evidence of Chinese trade in the region has only dated back to the tenth century CE.[25] The line has never been formally defined by Beijing and remains largely an abstract concept, one which nonetheless continues to form the basis of China's strategic interests in the SCS. Until Beijing undertook a concerted effort to modernise its naval capabilities after the turn of the twentieth century however, China was unable to use its military to augment the whole of its SCS claims. That situation began to change however after 2009–2010, with concerns being raised among China's neighbours, as well as in the United States, that Beijing was seeking to consolidate its claims over the Sea as its military capability, and especially naval power, modernises and becomes more capable of conducting operations further from the Chinese coast.

Since 2009–10, there have been a growing number of instances of Chinese policies in the western Pacific involving the South China Sea, suggesting a growing pattern of assertiveness which raised alarms in Southeast Asia as well as the United States.[26] Much of the concern from the United States and its Pacific allies over China's future strategies in the SCS had its origins with Beijing's naval modernisation policy under President Hu Jintao. Among the additions to Chinese naval power was the deployment of the country's first aircraft carrier, the *Liaoning* (辽宁), which was commissioned in September 2012 before commencing sea trials. Although Beijing took great care to stress that the improvements to its navy were for domestic defence and protection of the country's widely expanding overseas economic interests and participation in multilateral, Mootw operations, American policymakers began to express concerns about a potential 'anti-access / area denial' (*fanjieru* / *quyuzujue* 反介入 / 区域阻绝) or A2/AD policy on

[24] 'Administrative Order No. 29, s. 2012: Naming the West Philippine Sea of the Republic of the Philippines, and for Other Purposes,' *Government of the Republic of the Philippines*, 5 September 2012, http://www.gov.ph/2012/09/05/administrative-order-no-29-s-2012/

[25] 'Limits on the Seas: China: Maritime Claims in the South China Sea,' *United States Department of State: Bureau of Oceans and International Environmental and Scientific Affairs*, 143 (5 December 2014); Shen (2002), Hayton (2014).

[26] Shambaugh (2011), Noguchi (2011).

Beijing's part, involving an increased Chinese military presence into, and the tacit leveraging of the American military out of, the western Pacific.[27]

In addition to the advantages of the South China Sea for its strategic and resource value, there was also the question of whether Beijing was seeking a 'Sea of Okhotsk' strategy. This would involve China's securing of the SCS as a protected space for the development of Chinese naval and perhaps even sea-based nuclear capabilities away from potential Western interference.[28] In short, the Sea would become a metaphorical 'bathtub' for Beijing, a safe space to further modernise Chinese maritime security capabilities without international interference, along the same lines as the Russian Pacific Fleet's exclusive use of the Sea of Okhotsk in north-eastern Siberia.

5.4 Diplomatic Pressures in the SCS Region

The potential for an emerging Chinese interdiction or an A2/AD strategy in the South China Sea has been illustrated by incidents between the American and Chinese military in the region. These included the 'spy plane' incident in April 2001 which involved a collision between an American EP-3E surveillance plane and PLA Air Force J8II jet near Hainan Island, and Chinese complaints over what it saw was an intrusion by the US surveillance vessel *USNS Bowditch* in September of the following year. In March 2009, another American surveillance ship, *USNS Impeccable*, was intercepted by Chinese patrol boats in the northern part of the South China Sea, about 120 km from China's Hainan Island, with demands that it leave the area. In May 2009, a similar affair took place involving the *USNS Victorious*. Finally, there was an incident in December 2013, when Chinese navy amphibious dock ship, the *Jianggang Shan* (井冈山), steered itself into the path of the U.S. Navy cruiser *USS Cowpens* as it was operating close to the Chinese carrier *Liaoning*, forcing the *Cowpens* to change course in order to avoid a collision. These incidents stemmed from ongoing differing interpretations between Washington and Beijing over the right of foreign vessels to traverse China's 200-nautical mile EEZ.[29] China has repeatedly rejected the statement that the South China Sea is international waters and has been critical of American naval incursions close to southern China.[30] In October 2015, an American naval destroyer, *USS Lassen*, transited the South China Sea and passed within the 12 nautical mile limit of Subi Reef, one of the features claimed by China, drawing sharp criticism from

[27] Ross (2009).

[28] Kotani (2011).

[29] McVadon (2009), O'Rourke (2014).

[30] Ben Blanchard and Andrea Schalal, 'Angry China shadows U.S. warship near man-made islands,' Reuters, 28 October 2015, <http://www.reuters.com/article/2015/10/28/us-southchinasea-usa-idUSKCN0SK2AC20151028#HvfjoMLqlv5LgeQ4.97>.

Beijing. Washington, however has maintained that such passages are completely permissable under international law.

The region again assumed a higher priority in Asian security concerns when, in May 2009, Vietnam and Malaysia made submissions to the UN Commission on the Limits of the Continental Shelf, seeking to extend their respective continental shelves further into the South China Sea and beyond the normal 200 nautical mile EEZ limit. To repudiate these claims, Beijing swiftly responded with a submission of a *note verbale*, indicating that Beijing had 'indisputable sovereignty' over the South China Sea, and included a nine-dashed line map in its written rebuttal. The *note* also asked the UN Commission on the Limits of the Continental Shelf (CLCS) to disregard the Malaysian and Vietnamese claims.[31] This produced refutations and critiques to the UN from the other disputants as well as from Indonesia. During this time, Chinese policymakers began to focus more specifically on the protection of its 'near seas' (*jinhai* 近海), including the East and South China Seas, forming an integral component of China's 'strategic security belt' despite competing claims to those waters and its island chains, including the Spratly group, by Southeast Asian states including Malaysia, the Philippines and Vietnam.[32]

In July 2010, a report surfaced indicating that five months earlier Beijing had made reference, during meetings with American officials, to the South China Sea as being part of Beijing's 'core interests' (*hexin liyi* 核心利益). These remarks were then interpreted as a hardening of Chinese positions on SCS sovereignty, as such phrasing had been commonly reserved only for established Chinese territory, including Tibet and Xinjiang, although it was debatable whether the upper echelons of the Chinese government fully supported the idea of expanding the list of Chinese core interests to include the SCS.[33] The statement caused much consternation in the United States and Southeast Asia. In January 2012, the *Diaoyu dao*/*Senkaku* (钓鱼岛) Islands in the East China Sea, claimed by China, Japan and Taiwan, were also referred to as a Chinese 'core interest' in a *People's Daily* editorial,[34] suggesting a potential deepening of policies by Beijing in regards to its maritime claims.

In November 2013, China announced an Air Defence Identification Zone (ADIZ) in the East China Sea, including the disputed Diaoyu/Senkaku area, and there was speculation as to whether China would also seek a similar ADIZ in the South China Sea in the future, despite the much larger area which would need to be

[31] A *note verbale* is an unsigned diplomatic communication commonly drawn up in the third person and unsigned, making it a less formal document than a diplomatic note. '*Note Verbale* CML/17/2009 from the Permanent Mission of the People's Republic of China to the UNSecretary-General (May 7, 2009),' http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2009re_mys_vnm_e.pdf; 'Stirring Up the South China Sea (I)' *International Crisis Group Asia Report* 223, (23 April 2012): 3.

[32] Dutton (2011).

[33] Zeng et al. (2015), Johnston (2013).

[34] Kwok (2010), Qing (2012).

monitored.[35] As well, a potential South China Sea ADIZ would be viewed as a much more concrete step towards fortifying China's strategic hold on the waterway, and may spark the sort of the counter-coalition among other claimants and the United States which Beijing has been strenuously seeking to discourage. Beijing maintains that the status of the South China Sea is an internal issue not subject to international arbitration, and remains wary of any direct American involvement even under the aegis of mediation.

A more strongly worded Chinese *note verbale* was issued in April 2011, accusing the Philippines of a longstanding gradualist policy of occupying Chinese territories in the Spratlys and rejecting what it viewed as an attempt by Manila to legalise its claims after the fact.[36] The level of frustration and diplomatic posturing between China and the Philippines reached a peak in April 2012 when a Philippine Navy vessel attempted to detain eight Chinese fishing vessels in the Scarborough Shoal region, only to be challenged by Chinese patrol ships, resulting in both sides sending more ships to the region, and a tense standoff which was finally resolved in June 2012 with a tentative agreement calling for both sides to pull back. However, Chinese patrol vessels, and fishing boats, continued to operate in the Scarborough Shoal area after the withdrawal arrangement was made.[37]

In July 2012, Beijing announced that the administrative status of what it termed the 'Xisha, Zhongsha and Nansha islands' would be raised from county-level administrative designation to a prefectural-level 'city', Sansha (*Sansha shi* 三沙市), with a population of less than 1500, centred at Woody Island (*Yongxing dao* 永兴岛) in the Paracels,[38] adding another layer of legal legitimacy to its SCS policies. However, the Philippines also began to use legal tools to clarify its own claims in the region, submitting a case to the United Nations Permanent Court of Arbitration in January 2013.[39] In October 2015, the Court released its initial findings, stating that while Manila had not completely made its case regarding China, there were some issues, including the legal status of disputed areas including Scarborough Shoal and Mischief Reef, which the Court was prepared to consider further. The following month, the government of Indonesia also suggested that it might seek international arbitration over the disputed waters near Natuna Island. Beijing has refused to participate in any sort of multilateral tribunal on the status of the SCS, in keeping with its negative stance towards 'internationalising' the dispute and its preference for bilateral negotiations with the other SCS claimants.

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[35] Dominguez (2015).

[36] '*Note Verbale* CML/8/2011 from the Permanent Mission of the People's Republic of China to the UN Secretary-General (Apr. 14, 2011)', http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2011_re_phl_e.pdf

[37] Bill Hayton, *The South China Sea*, 195–200.

[38] Blasko and Fravel (2012).

[39] Lam (2015) 'Press Release: Arbitration between the Republic of the Philippines and the People's Republic of China', Permanent Court of Arbitration, 29 October 2015.

As a result of the ambiguities over SCS maritime boundaries, both civilian and police vessels have been periodically caught up in regional disputes. Hanoi had accused Beijing of interfering with Vietnamese survey vessels, as evidenced by an incident in December 2012 when Hanoi-based energy firm PetroVietnam accused Chinese patrol ships of cutting a seismic cable which was being towed by a Vietnamese survey ship, the *Binh Minh 02*, in the disputed waters.[40] Hanoi was also furious at a June 2012 scheme, later rescinded, by CNOOC to offer for sale nine fossil fuel blocks in waters also claimed by Vietnam. During the same month, the government of Vietnam released a revised maritime law which codified the country's legal rights to the Paracel and Spratly island groups, prompting a request from China's National People's Congress (NPC) that Hanoi correct what Beijing saw as an 'erroneous' law.[41] The dispute over maritime borders has made it difficult to accurately estimate exactly how much oil and gas may be present in the Sea.

Any surveys of potential fossil fuels would be hampered by the ongoing competing claims to potentially resource-rich areas of the Sea. The problem of oil and gas exploration was further illustrated in May–July 2014 when China's CNOOC moved a petroleum drilling rig, the *Haiyang Shiyou 981* / 海洋石油 981 (HYSY-981) into waters also claimed by Vietnam off the Paracel Islands. The move ignited anti-China protests in Vietnam and concerns expressed from the international community that Beijing was again seeking to gradually create a fait accompli in the SCS region. The response from the Chinese Foreign Ministry in a June 2014 statement was that the rig was drilling in 'inside the contiguous zone of China's Xisha Islands', and that it was Vietnam which was acting in a provocative fashion by sending ships into the vicinity and challenging China's jurisdiction to the Xisha/Paracels which, according to Beijing, was formalised during the Northern Song Dynasty (960–1126 CE).[42] The rig was withdrawn in July 2014, a month ahead of the original timetable set out by CNOOC, but Beijing reserved the right to future exploration in what it views as its own sovereign waters.

In the wake of brittle ASEAN-China relations as a result of divergent policies in the South China Sea, there have been louder calls in Southeast Asia spearheaded by Indonesia for a Code of Conduct (CoC) in the region as a means of reducing tensions. Jakarta took point on this issue in the wake of the acrimony at the ASEAN ministerial meeting in July 2012 in which participants were sharply divided over whether to incorporate the dispute into a final meeting statement. China's initial response to a potential CoC was noncommittal, but Beijing noted that such an option would be possible when it saw the timing as optimal.[43] Although

[40] 'Vietnam Urged to Stop Sovereignty Violation,' *China Daily*, 6 June 2011; 'Vietnam Condemns China's Sea Claims as "Serious Violation",' *Reuters*, 4 December 2012; Yoh (2014).

[41] Ling and Toan (2012); 'Vietnam Enacts Maritime Law as Tension High with China over So. China Sea,' *Platts Commodity News*,' 16 July 2012; 'China Urges Vietnam to Correct Erroneous Maritime Law,' *Xinhua*, 22 June 2012.

[42] 'HYSY 981 Drilling Rig: Vietnam's Provocation and China's Position,' *Xinhua*, 8 June http://news.xinhuanet.com/english/china/2014-06/08/c_133392240.htm

[43] Ririhena (2012); 'South China Sea Tension Mounts Near Filipino Shipwreck,' *Reuters*, 29 May 2013.

Taiwan had previously maintained a quiet stance on the SCS despite also maintaining a substantial claim to the region, an incident in May 2013 underscored the fact that Taipei was also a primary stakeholder in the dispute. The shooting of a Taiwanese fisherman in contested waters near the Batanes Islands north of the Philippines by a Philippine coast guard vessel angered both sides and led to mutual recriminations. The incident was also sharply criticised in the Chinese press, which appeared to take the side of Taiwan in the in affair.[44] In April 2015, Taipei appeared ready to further develop its own interests in the SCS by announcing that P-3C Orion surveillance planes, purchased from the United States, would take part in missions in Taiwanese claims to the SCS at an unspecified future date.[45] There was also the question of whether Taiwanese policies regarding the SCS would change significantly as a result of the January 2016 elections, in which the opposition, pro-sovereignty Democratic Progressive Party (DPP) was strongly favoured to win.

The SCS debate on a regional and international level intensified again in early 2015, when reports began to surface that China was reinforcing buildings and other structures on reefs the Spratlys, as well as adding sand to increase their area and make it possible for other structures to be built on them and for new exclusive economic zones to be created. In February 2015, *IHS Jane's* and the *Wall Street Journal* reported on extensive Chinese construction at Hughes Reef (*Dongmen Jiao* 东门礁) and nearby Gaven Reefs (*Nanxun Jiao* 南薰礁, *Xinan Jiao* 西南礁) and Johnson South Reef.[46] Less than two months later, similar reports appeared in *IHS Jane's* about the adding of infrastructure, including a runway approximately 3 km long, to the Spratly region's Fiery Cross Reef (*Yongshu Jiao* 永暑礁). These reports drew criticism from the United States, with the Commander of the US Pacific Fleet, Admiral Harry Harris Jr., stating that Beijing was 'creating a great wall of sand' in the SCS, and noting that China had created an extra 4 km^2 of land space in the Spratly region using sand and concrete to shore up local reefs. President Obama also responded to the reports by saying that 'where we get concerned with China is where it is not necessarily abiding by international norms and rules and is using its sheer size and muscle to force countries into subordinate positions.'[47]

Nonetheless, the ongoing Chinese development of its South China Sea assets underscores the growing commitment by Beijing to both further elucidate its stance of SCS sovereignty, but to do so in a fashion which does not spark a military response from other claimants or the United States. For example, in response to a question about the augmentation of SCS reefs, a spokesperson for the Chinese Foreign Ministry stated that the Nansha/Spratly area was under

[44] An (2013), Hwai (2013).

[45] Phipps and Hardy (2015).

[46] O'Connor and Hardy (2015), Page and Barnes (2015).

[47] 'Speech by Commander, U.S. Pacific Fleet Australian Strategic Policy Institute Canberra, Australia Admiral Harry B. Harris Jr.' 31 March 2015, *Commander, US Pacific Fleet*, http://www.cpf.navy.mil/leaders/harry-harris/speeches/2015/03/ASPI-Australia.pdf; Hardy and O'Connor (2015); 'US Navy: Beijing Creating a "Great Wall of Sand" in South China Sea,' *The Guardian / Associated Press*, 31 March 2015, http://www.theguardian.com/world/2015/mar/31/china-great-wall-sand-spratlys-us-navy; Spetalnick and Blanchard (2015).

Chinese sovereignty, and that the reclamation work there was 'fair, reasonable, and lawful'. In addition, the construction was taking place not only for strategic reasons but also for improving civilian services in the waterway, including shelter, navigational assistance, weather monitoring and environmental study.[48] Such comments suggested a degree of sensitivity to international criticism of the construction, but at the same time there was little sign that Beijing would respond to foreign pressure and scale back its development plans in the Spratly region.

5.5 Future Prospects

As one study of Beijing's evolving policies in the South China Sea had noted, the political situation in the SCS had shifted in recent years due to the perception in Beijing that the regional balance of power had shifted in its favour, the stronger role of maritime security in China's national interests, the modernisation of the Chinese military which may allow for a stronger ability to enforce SCS maritime claims, and greater nationalism both in the Chinese government as well as the general public in the country.[49] Added to this could also be the concern in Beijing that with the onset of the American pivot/rebalancing policy and the augmentation of US defence relationships with Japan and Southeast Asia, pressure was being applied for China to ensure that the country would not be subject to containment or a leveraging out of the South China Sea by the West. The value of the SCS region as a strategic waterway and as a source of raw materials should also not be discounted. At the same time, the growing number of overseas commitments which Beijing has begun to undertake will require a more robust naval force with improved power projection capabilities, and the value of having undisputed 'home waters' befitting a great power has become a greater priority for China.

Among American responses to China's recent SCS policies was a call, shortly after the 'core interests' remarks were released, from then-US Secretary of State Hillary Clinton at a July 2010 ASEAN Regional Forum (ARF) meeting in Hanoi, to establish an international mechanism to oversee the disputed sea and that it was in America's 'national interest' to promote freedom of navigation and respect for international law in the waterway, assertions which were swiftly criticised in Beijing as unwarranted US interference in Chinese sovereign affairs. Beijing has maintained that the South China Sea is an internal issue not subject to international arbitration. In June 2013, then-US Secretary of Defence Chuck Hegel, speaking at the annual Shangri-La Dialogue in Singapore, called upon all disputants in the South China Sea region to exercise restraint and conduct peaceful negotiations,

[48] 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on April 9, 2015,' *Ministry of Foreign Affairs of the People's Republic of China*, 9 April 2015, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1253488.shtml; Glaser (2015).

[49] Yahuda (2013).

offering US support for both a crisis hotline between China and ASEAN governments in cases of future maritime incidents as well as the proposed Code of Conduct to ensure safety of civilian vessels.[50]

Beijing's SCS policy continues to place an emphasis on what has been called a 'non-kinetic' strategy,[51] dominated by actions which fall short of military activity with the intent of avoiding an armed response or a 'united front' of the other claimants. Until the start of the Xi administration, Chinese strategy in the SCS had been affected by a lack of central policy coordination designating which agencies are responsible for patrolling and protecting China's interests in the Sea. As an April 2012 report by the International Crisis Group noted, there were eleven different ministerial agencies of various sizes within the Chinese government, including the Ministry of Foreign Affairs and the PLA Navy as well as civilian law-enforcement agencies, which had some degree of jurisdiction over SCS affairs, leading to excessive bureaucratisation, legal ambiguity, miscommunication and perhaps inter-departmental competition.[52]

However, in March 2013, as the new government of Xi Jinping was completing its power transition in Beijing, an announcement was made that various law-enforcement bodies responsible for maritime security would be consolidated under the State Oceanic Administration (*Guojia Haiyangju* 国家海洋局). The end result of the amalgamation was the development of China's first unified Coast Guard (*Zhongguo Haijing* 中国海警), with plans to deploy larger numbers of vessels including what was reported as potentially the largest coast guard ship in the world, known simply by its call number '2091'.[53]

Although there continues to be a concerted effort in the region to address the South China Sea disputes via diplomacy, the rise of Chinese military power coupled with ongoing anxiety among Beijing's southern neighbours and questions over the role of the United States continues to dominate the region. The South China Sea issue remains one of the most complex maritime disputes in the Asia-Pacific region due to the number of claimants, the strategic location of the waterway and the resources in the area. As well, the presence of two great powers (China, United States), which have begun to develop diverging views of maritime security in the Pacific, in the debate over the sovereignty of the waterways adds another dimension of difficulty in obtaining a resolution to the dispute. Due to China's increasing maritime power, the seriousness of the dispute has intensified, remaining a difficult area of Chinese diplomacy, both with Southeast Asia and with the United States.

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[50] 'The US Approach to Regional Security: Chuck Hagel,' *Shangri-La Dialogue 2013* First Plenary Session Chuck Hagel, Secretary of Defense, United States, 1 June 2013. http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/shangri-la-dialogue-2013-c890/first-plenary-session-ee9e/chuck-hagel-862d

[51] Cronin and Sullivan (2013).

[52] 'Stirring Up the South China Sea (I),' *International Crisis Group, Asia Report* 223 (23 April 2012).

[53] Chen (2014).

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Chapter 6
China's Sea Power Aspirations and Strategic Behaviour in the South China Sea from the Theoretical Perspective of Identity Construction

Rex Li

6.1 Introduction

The competing claims over the sovereignty of the South China Sea islands have attracted much scholarly and media attention in the past few years. This paper seeks to place China's disputes with ASEAN claimant states in the contested area within the context of its attempts to develop itself as a global power with an increasing focus on sea power. Most studies on China's great power ambitions and its recent behaviour in the South China Sea are underpinned by Realist or neo-realist theories. Like other rising powers in the past, China is believed to be employing its newfound power to secure and extend its spheres of influence. This is seen as a reflection of China's intention to challenge the preponderant position of the United States in the international system leading to a significant power shift.

While the Realists have provided some useful insights into Chinese foreign policy, it is inadequate in elucidating the role of identity in shaping Beijing's security discourse and strategic behaviour. Drawing on Constructivism and social identity theory, this paper argues that China's activities in the South China Sea should be perceived as part of an on-going process of identity construction. It will investigate how the development of Chinese maritime capabilities is inextricably linked to Beijing's efforts to construct the identity of a global power that has full command of the sea in East Asia and beyond. China's sea power aspirations will also be analysed in relation to Chinese leaders' apprehensions of potential US military intervention in the maritime disputes in the South and East China Seas and their efforts to reshape the US-led regional security order.

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6.2 Construction of China's Great Power Identity and the South China Sea Disputes

Since 2009 the tensions in the South China Sea have increased substantially. The states involved in the territorial disputes in this area have become much more active in asserting their claims. In particular, China has taken a visibly more forceful position on its disputes with several ASEAN countries, especially the Philippines and Vietnam.[1] China's rigorous challenge to the legality of the sovereignty claims put forward by other claimants, combined with the regular deployment of its civil maritime law enforcement agencies and naval forces in enforcing Chinese claims in the disputed waters, are widely believed to indicate a growing assertiveness in Chinese policy in the South China Sea. Indeed, there has been a heated debate on whether and to what extent China's behaviour in dealing with its neighbouring countries over the past few years should be characterised as 'new assertiveness'.[2] Whether Beijing's uncompromising stance on the contested territorial waters represents a new assertiveness, it has presented a tremendous challenge to the South East Asian states that have unresolved maritime disputes with China.[3] More important, Chinese assertiveness is perceived by some commentators as a challenge to the strategic position of the United States and the existing security order in the Asia-Pacific.[4]

Some observers argue that Beijing's conduct in the South and East China Seas is consistent with the strategic behaviour of a rising power in the international system. In their view, China's maritime activities signify a gradual but important shift in the balance of power in the region. This assessment is based largely on the Realist or neo-realist belief that a great power's behaviour is determined not so much by its intentions but by its capabilities. As a state's economy vastly expands, it will use its newfound power to extend its spheres of influence and defend its economic interests whenever and wherever these interests are challenged. Back in the 1990s, Denny Roy already predicted that an economically and militarily powerful China would pursue a more belligerent foreign policy, and that it would be less likely to accommodate the other great powers in the Asia-Pacific region.[5] According to power transition theory, a rising power will seek to challenge the status of the leading power in the international hierarchy, possibly resulting in war between them.[6]

As the leading Realist scholar Robert Gilpin observes, a non-status quo power will attempt to change the international system by extending 'its territorial control,

[1] Tønnesson (2012), Landingin and Hille (2011).

[2] Swaine (2012), Johnston (2013), Friedberg (2015), Dicke and Holbig (2014), Jerdén (2014).

[3] Fravel (2011), Thayer (2012).

[4] Friedberg (2012), Mastro (2015).

[5] Roy (1994, 2003).

[6] Organski (1958), Organski and Kugler (1980).

its political influence, and/or its domination of the international economy' until 'the marginal costs of further expansion are equal to or greater than the marginal benefits of expansion'.[7] It is therefore not surprising that China has become more assertive in pursuing its maritime claims. Given the huge importance of the South China Sea to China's national development, Realists assert, Beijing will continue to press its claim to the area even though it may involve direct military confrontation with ASEAN states and America. Thus, Oriana Mastro concludes that 'Chinese assertiveness is here to stay'.[8] The offensive realist John Mearsheimer predicts that '[I]f China continues to grow economically, it will attempt to dominate Asia the way the United States dominates the Western Hemisphere'.[9]

While Realism offers some perceptive analysis of great power relations, China's conduct in the South China Sea is better understood in the context of its desire to construct the identity of a global power and reshape the security order in the Asia-Pacific. To appreciate the role of national identity in shaping Beijing's security discourse and strategic behaviour, it is important to define the concept of identity in relation to foreign and security policy. National identity is a form of collective identity, whereby the identity of a group of people is defined and shaped by its internal cohesion and external relationship with other groups of people. Anthony Smith believes that it is 'perhaps the most fundamental and inclusive' collective identity which provides 'a powerful means of defining and locating individual self in the world through the prism of the collective personality and its distinctive culture'.[10] As such, national identity offers 'a cognitive framework for shaping its [a state's] interests, preferences, worldview and consequent foreign policy actions'.[11] As Alexander Wendt has rightly pointed out, '[W]ithout interests identities have no motivational forces, without identities interests have no direction'.[12] The constructivists argue that change in a state's identity can cause considerable changes in its interests, which shapes national security policy. Alternatively, a state may develop interests during the process of forging or maintaining a specific identity, often relying on a 'discourse of danger' to construct its identity in the sense that it needs to create a threatening 'other' in order to construct a universalised 'self'. The process of 'othering' can be very powerful in asserting national identity.[13]

According to social identity theory, the identity of the 'self' is intimately linked to its perception of and interaction with the 'other'.[14] The scholarly insights into personal identity can be usefully applied to the analysis of national identity and

[7] Gilpin (1981).
[8] Mastro (2015).
[9] Mearsheimer (2014).
[10] Smith (1991).
[11] Kim (2004).
[12] Wendt (1999).
[13] Campbell (1998).
[14] Abrams and Hogg (1990).

international relations.[15] 'In a state-centric world, the substantive content of national identity is the state, which defines itself as what it is as well as what it does.'[16] A state (the self) forms its identity in relation to how it evaluates the perception of other states (the other) and their actions. National identity does not emerge naturally. Rather, it has to be forged through education and sometimes inculcation. Thus, national identity 'should be understood . . . as an ongoing process or journey rather than a fixed set of boundaries, a relationship rather than a free-standing entity or attribute'.[17] This is particularly relevant to our analysis of the process of national identity formation in China and its foreign policy implications.[18]

The conception of China's national identity is closely related to its historical memory and future aspirations. As Gilbert Rozman observes, '[A] great power's identity focuses on the country's past, present, and future in international relations, concentrating on its capacity to project power in comparison to other countries with their own ambitions.'[19] As a political entity, China was established on the basis of dynasty and culture rather than the nation-state. The Asian order was essentially a Sino-centric order with China occupying a central role in a hierarchical system until the collapse of Qing dynasty in the nineteenth century. Many Chinese leaders are deeply scarred by this 'century of national humiliation' (百年国耻), when China was defeated by the superior military might of Western powers and Japan.[20] With the demise of the Sino-centric order, China lost not only the control of its territories but its dominant position in the region. For decades, the shame and humiliation associated with external invasion and domination of China have become a significant part of Chinese security discourse. The decline of China's pre-eminence in Asia and its conquest by Japan and European colonial powers are often explicated by its inadequate defence capabilities. Chinese elites and citizens are constantly reminded that 'past experience, if not forgotten, is a guide to the future' (前事不忘, 后事之师). It is this kind of 'security imaginary' that shapes the national identity construction and defence modernization in China.[21] A security imaginary is underpinned by a particular social and political discourse that serves to constitute and legitimise specific interpretations of a security situation and responses to any perceived threat arising from it.[22]

From a psychopolitical perspective, perceptions of history are a major dimension of national self-imagery and they may 'generate powerful needs to avoid past

[15] Neumann (1992).

[16] Kim (2004).

[17] Kim and Dittmer (1993).

[18] Rozman (2012).

[19] Rozman (1999).

[20] Wang (2012).

[21] For an analysis of China's security imaginary in relation to its identity construction and defence modernization, see Li (2016).

[22] Pretorious (2008).

experiences which are felt as humiliating, dangerous, or deadly'. To Chinese intellectuals and policy elites, there is a psychological need to 'restore honor, dignity, and strength to the nation' and to 'demand and gain respect from the rest of the world'.[23] Both Deng Xiaoping and Jiang Zemin placed a strong emphasis on the development of China's military capabilities as a major part of its modernization agenda. As the Chinese economy expanded in the 2000s, Hu Jintao called for the building of a 'prosperous country with powerful armed forces' (富国强军) at the 17th National Congress of the Chinese Communist Party (CCP).[24] This provided a clear strategic guidance for both the CCP and the People's Liberation Army (PLA) in China's modernization drive in the twenty-first century.

Indeed, the 'dream of a powerful military' (强军梦) is presented as a vital and inseparable part of the 'dream of a powerful nation' (强国梦) or the 'China dream' (中国梦) under the current leadership of Xi Jinping.[25] Alexander Wendt argues that 'collective self-esteem' is often considered by political elites as a national interest.[26] Ever since the end of the Cold War, Chinese elites have been engaged assiduously in the construction of a great power identity for China. In social identity theory this is known as a sociocognitive process of 'self-enhancement' in that 'people have a basic need to see themselves in a positive light in relation to relevant others'.[27] Thus, it can be argued that the most important factor shaping the construction of China's national identity is to achieve a great power status or the 'rejuvenation of the Chinese nation' (中华民族复兴). In their critique of the debate on East Asia's power shift, Linus Hagström and Björn Jerdén have pointed out that the existent studies tend to interpret power in terms of capability.[28] They argue instead that the concept of power should be defined as the capacity of actors and discourses to produce effects. From this analytical standpoint, it makes sense to move beyond the Realist conception of power to appreciate the growing capacity of China's identity discourse to produce the effects that serve its strategic interests.

6.3 China's Changing Security Discourse and Its Sea Power Aspirations

Between 1989 when the Cold War ended and 2008, Chinese scholars and policy elites engaged in a rigorous debate on what path China should follow in pursuing its great power status.[29] While many analysts were apprehensive of the security

[23] Kaplowitz (1990).
[24] Hu (2007).
[25] Sui (2013), Huang (2014), Li (2013).
[26] Wendt (1999), p. 236.
[27] Hogg et al. (1995).
[28] Hagström and Jerdén (2014). See also Morriss (2002).
[29] See Li (2009), Chapters 6 and 7.

intentions of the United States and Japan, their discourse on China's position in the international system in relation to other major powers was rather subdued. During this period of time, the discourse on China's great power identity focused primarily on its 'peaceful rise' (和平崛起), in that it was aiming to become a 'responsible great power' (负责任大国) and constructive member of the international community. Many analysts recommended a non-confrontational approach to handling great power relations and territorial disputes with other Asian countries.[30] However, this identity discourse began to change in 2008 when the global financial crisis seriously undermined the economic strengths of many of the dominant players in the world economy.

While the United States and other Western powers were still struggling to revive their economies in 2009, China had recovered from the crisis. This was partly due to the introduction of a large economic stimulus package, including a four trillion yuan investment package, tax cuts, and consumer subsidies. Basically, China replaced exports with domestic demand making its economic development less dependent on Western consumers. As a result, the Chinese economy achieved an impressive growth rate of 8.7 % in 2009.[31] Despite some economic difficulties, the Chinese economy continued to grow. This has enabled China to strengthen its trade relations with neighbouring countries and expand its influence to other regions such as Africa and Latin America. China's swift recovery from the global financial crisis has boosted Chinese confidence and led to a reassessment of the global strategic environment. To some Chinese analysts, America's weakened position and China's continued rise were a clear indication of the changing global balance of power.

Consequently, many Chinese scholars and think-tank specialists have argued for the adoption of a more proactive and assertive strategy. While controversy over following Deng Xiaoping's advice on 'hiding our capabilities and biding our time' (韬光养晦) has proceeded, there is agreement that China should be more active in 'accomplishing something' (有所作为) in a changing international environment that is favourable to China. Following the global economic downturn and the weakening of US power and influence, the trend of multipolarization (多极化) is believed to have been strengthened. At the same time, the 'China model' (中国模式) has attracted considerable attention in the West and people are beginning to talk about the 'Beijing consensus'.[32] Thus, they maintain that China should take advantage of the propitious strategic environment (战略环境) and historic opportunity (历史机遇) to hasten its development as a great power. Instead of merely following the trends (随势) of 'peace and development', China needs to create the kind of environment (谋势) that would assist it in fulfilling its great power aspirations. Some Chinese analysts assert that China is the biggest winner (赢家) of the financial crisis, and that the rise of China is an inevitable trend in international relations.[33] They believe that China 'must not waste the opportunity that has

[30] Ibid.

[31] Xin and Zhang (2010), BBC News (2010).

[32] Tang (2010).

[33] See, for example, Pan (2010), Yu (2010), Cai (2010), Pan (2012).

emerged from the crisis'.[34] The Chinese have become increasingly critical of the American/Western economic system, which is said to be responsible for causing the global financial crisis.[35] At the same time, they are much more confident in arguing for the case of alternative development models, especially for China and Third World countries. They believe that the China model has proven itself to be successful in withstanding the enormous challenge of the financial crisis which, according to one Chinese analyst, has demonstrated the 'failure of market fundamentalism'.[36]

As China's confidence grows, more Chinese policy elites have advocated that China should develop itself as a maritime power. China's economic growth relies significantly on the exports of its products as well as imports of raw materials and other goods. The security of sea lines of communication (SLOCs) in East Asia is therefore extremely important to Chinese shipping. In addition, China's trade and economic activities depend heavily on external resources. However, over 30 % of Chinese oil supply is imported from Central Asia. This explains why Beijing has been pursuing co-operation on the construction of oil pipelines and oil exploration with various countries in the region. Similarly, 90 % of China's imported oil passes through the Strait of Malacca, which is in effect the lifeline of the country.[37] If this strategic sea lane is controlled by other great powers, China's economic development and national security could be under serious threat. Thus, it is in Beijing's interest to build up Chinese naval capabilities in order to protect its energy security in the Malacca Strait.

According to one Chinese analyst, the experiences of the two world wars show categorically that maritime states have a distinct advantage over continental states in terms of their ability to mobilise the necessary resources in times of war. He concludes that China would suffer a miserable defeat, as Germany did, if it were to be afraid of developing its sea power.[38] In the words of another security analyst, 'without a powerful navy China will certainly not have a great future'.[39] This view is shared by other Chinese military writers, who argue that the countries that pay serious attention to sea power are usually in a stronger position to defeat their enemies, safeguard their interests and security, and maintain a great power status.[40]

Indeed, both Presidents Hu Jintao and Xi Jinping have advocated the building of China as a maritime power in the twenty-first century.[41] To Chinese leaders, the

[34] Yu (2010), p. 1.
[35] Zhan (2012).
[36] Zhang (2010).
[37] Zhu (2006).
[38] Ni (2007).
[39] Zhang (2003). See also Zhang (2009).
[40] Yu (2008). See also Lu (2009).
[41] 'China Voice: Building China into Maritime Power Essential for Future Development', Xinhua, 14 November 2012, http://news.xinhuanet.com/english/special/18cpcnc/2012-11/14/c_

development of China as a maritime power (海洋大国) is an important part of fulfilling their 'China dream'. Robert Ross believes that China's maritime policy is driven by what he calls 'naval nationalism', which is a 'manifestation of "prestige strategies" pursued by governments seeking greater domestic legitimacy'.[42] Similarly, Christopher Hughes has used the term 'geopolitik nationalism' to describe the link between Chinese nationalism and geopolitical discourse.[43]

What do Chinese leaders and elites mean in their discussion of China's sea power? The Peking University professor Wang Dong and his colleague Jiang Xin have identified three interpretations of sea power in Chinese debate, including the legalistic, defensive realist and offensive realist perspectives.[44] According to a 2014 report published by the PLA's Academy of Military Science, 'sea power' (海权) refers to the 'comprehensive ability to exploit and control the sea' focusing in particular on the 'development and use of maritime forces, especially naval forces, to safeguard and gain the nation's maritime interests', thus 'representing national strategic choice and national will'.[45] Seen from this perspective, China's sea power ambition is an integral part of its strategic choice of constructing a great power identity. Clearly, Beijing's South China Sea policy is directly linked to the Chinese national goal of establishing a 'strong maritime power' (海洋强国) status,[46] which would in turn contribute to the construction of a new security order in the Asia-Pacific. However, China's maritime interests are much broader than the sovereignty disputes in the South China Sea.

China's sea power aspirations reflect the broadening of Chinese economic activities and its expanded conception of security. Between 1993 and 2014 China had an average of 10 % GDP growth. In 2011 China surpassed Japan as the world's second largest economy.[47] In the past few decades, China's economic and trade relations with most countries have expanded enormously. It is now a major trading nation with imported and exported goods valued at US$4.16 trillion or £2.5 trillion in 2013. By January 2014 China overtook the United States as the world's biggest goods trading nation, although America remained the largest overall trading nation in the world.[48] This 'shift in the trading pecking order', according to *The Guardian*, 'reflected China's rising global dominance'.[49]

131973164.htm; 'Xi Advocates Efforts to Boost China's Maritime Power', Xinhua, 31 July 2013, http://news.xinhuanet.com/english/china/2013-07/31/c_132591246.htm.

[42] Ross (2009).

[43] Hughes (2011).

[44] Wang and Jiang (2012). I am indebted to Professor Wang Dong for drawing my attention to this book chapter and giving me a copy of it during my visit to Peking University.

[45] 战略评估 2013 (*Strategic Review* 2013), (千京: 军事科学院国防政策研究中心, 2014), p. 35.

[46] Li (2012).

[47] Moore (2011).

[48] Rushton (2014).

[49] Monaghan (2014).

As China's economy is growing rapidly and its consumption of oil and other commodities increases, Chinese energy companies have been buying foreign energy assets in many countries, including Angola, Iran, Kazakhstan, Nigeria, Sudan and Venezuela. State-owned companies have reportedly received low-interest loans and direct capital injections from the government to fund take-overs or mergers with resource firms abroad.[50] China is estimated to have spent US $35 billion on joint ventures and outright purchases in 2012 alone. Since 2009 Chinese companies have spent US$100billion on oil and gas assets in Africa, the Middle East and other countries, including the United States.[51] Given the global reach of China's trade and investment, its conception of security interests has been widened to encompass economic and energy security.

6.4 China's Growing Maritime Capabilities: A Challenge to the US-led Regional Security Order?

Many scholars agree that the PLA Navy (PLAN) is at the forefront of safeguarding Beijing's increasingly expansive security interests.[52] The development of China's maritime capabilities is also consistent with its changing naval strategy in the last three decades.[53] With the diminishing Soviet threat in the mid-1980s, the doctrine of 'Near-coast Defence' (近岸防御) was gradually replaced by one of 'Offshore Defence' (近海防御) or 'Near-seas Active Defence' (近海积极防御). The main mission for the PLAN was no longer the provision of naval assistance for land-based defence through counter-amphibious landing and other operations that would help defend China's coastal military assets and bases. Instead, the PLAN's 'near-seas' defence activities would cover a much broader area, including the first island chain,[54] the Yellow Sea, East China Sea and South China Sea. This clearly went beyond the 200 nautical miles from China's coastal baseline, its exclusive economic zone as defined by the 1982 UN Convention on Law of the Sea (UNCLOS).

Undoubtedly, this strategy was formulated to develop Chinese naval capabilities for preventing Taiwan from seeking *de jure* independence, gaining control over the territorial waters and islands in the disputed areas, ensuring the security of SLOCs to protect China's trade activities and energy supply, defending the country against any foreign attacks from the sea, and providing effective nuclear deterrence.

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[50] Spencer (2009), Klare (2010).

[51] 'Chinese Secure Foreign Oil in $100B Buying Spree', United Press International, 26 June 2013, http://www.upi.com/Business_News/Energy-Resources/2013/06/26/Chinese-secure-foreign-oil-in-100B-buying-spree/UPI-41271372279165/.

[52] Saunders et al. (2012).

[53] Li (2009), Office of Naval Intelligence (2009).

[54] The first island chain covers the Kurile islands through the islands of Japan, Ryukyu, Archipelago, Taiwan, the Philippines to Borneo Island.

Since mid-2000, the concept of 'Far-seas Defence' (远海防卫) has been advocated by Chinese military analysts with official endorsement. This concept extends the PLAN's operational reach to the second island chain covering the Kurile Islands through Japan, the Bonin Islands, the Mariana Islands, the Caroline Islands, and Indonesia. The rationale behind 'far-seas defence' is to enhance China's naval capabilities to meet existing and potential challenges, reflecting China's growing economic power and expanding global interests. It would allow the PLAN to conduct long-range surface and submarine patrols, defend Chinese interests in distant waters, and undertake various 'military operations other than war' (非战争军事行动) such as counter-piracy, humanitarian missions, and peace-keeping operations. These operations may be seen as China's responses to the broad range of traditional and non-traditional security threats it is facing. But they have offered the PLAN the opportunities to gain some valuable operational experience. They are also useful for China to project a positive image to the international community that it is making an important contribution to maintaining global peace and stability. As Professor Wang Dong and Jiang Xin argue, China needs to develop a comprehensive maritime strategy if it seeks to become a peaceful rising power.[55]

To achieve China's strategic goals, the PLAN has introduced an extensive modernization programme encompassing a wide range of platforms and weapon acquisition programmes. They include programmes for anti-ship ballistic missiles (ASBMs), anti-ship cruise missiles (ASCMs), land-attack cruise missiles (LACMs), surface-to-air missiles, mines, manned aircraft, unmanned aircraft, submarines, aircraft carriers, destroyers, frigates, corvettes, patrol craft, amphibious ships, mine counter-measures (MCM) ships, underway replenishment ships, hospital ships, and supporting C4ISR8 systems.[56] The emphasis of China's naval modernization is on qualitative improvement of its platforms. With the removal of many obsolete platforms, the PLAN now possesses a variety of up-to-date and proficient platforms.

The PLAN currently has approximately 77 principal surface combatants, over 60 submarines, 55 medium and large amphibious ships, and about 85 missile-equipped small combatants.[57] The traditional single-mission ships have gradually been replaced by larger, multi-mission ships, equipped with advanced anti-ship, anti-air, and anti-submarine weapons and sensors. One recent report has indicated that over 50 naval ships were laid down, launched or commissioned in 2013 alone.[58]

A main focus of China's naval modernization is its submarine force. Three JIN-class nuclear-powered ballistic missile submarines (SSBNs) (Type 094) are operational and China is planning to field five more before developing the next generation SSBN (Type 096) in the coming decade. The JIN-class SSBN and the

[55] Wang and Jiang (2012).

[56] O'Rourke (2014).

[57] U.S. Department of Defense (2014), Karotkin (2014).

[58] Karotkin (2014).

JL-2 submarine launched ballistic missile it carries can reach the range of over 4000 nm, which would provide China with its first credible sea-based nuclear deterrent.[59] There has also been an expansion in China's nuclear-powered attack submarines (SSN). Two SHANG-class SSNs (Type 093) are currently in service and China has been building four improved variants of its SHANG-class SSN since 2012 to replace the antiquated HAN-class SSNs (Type 091). In addition, China is developing two new classes of nuclear submarines—the Type 095 guided-missile attack submarine (SSGN) and the Type 096 SSBN. The growth and improvement of China's nuclear and conventional submarines are expected to increase the PLAN's capabilities in engaging opposing surface ships throughout the Western Pacific and to defend future nuclear deterrent patrols and aircraft carrier task groups.[60]

Another main area of expansion in China's submarine force is related to its modern diesel powered attack submarines (SS). Over the past two decades China has acquired 12 KILO-class submarines from Russia, eight of which are equipped with the SS-N-27 anti-ship cruise missiles. Other diesel powered attack submarines in the PLAN's inventory include 13 SONG-class SS (Type 039) and 12 YUAN-class SSP (Type 039A). The production of 20 more YUAN-class SSPs is anticipated to be in the pipeline.[61]

The construction of various classes of Chinese surface combatant in the past 6 years has attracted considerable attention, which includes both guided missile destroyers (DDGs) and guided missile frigates (FFGs). Apart from continuing to produce LUYANG II-class DDG (Type 052C), China launched the LUYANG III-class DDG (Type 052D) that will likely to enter service this year. The LUYANG III incorporates the PLAN's first multipurpose vertical launch system, which is believed to be capable of launching ASCM, LACM, surface-to-air missiles (SAM), and anti-submarine rockets. China is expected to build over a dozen of LUYANG III-class DDG to replace the aging LUDA-class destroyers (DD). Moreover, China has continued serial production of the JIANGKAI II-class guided-missile frigate FFG (Type 054A), most of which will likely to be operational by 2015.[62]

In addition, the PLAN has acquired four *Sovremenny*-class (Type 956E and Type 956EM) DDGs from Russia. These acquisitions combined with systematic upgrades of China's destroyers and frigates have no doubt enhanced its capabilities to project power in the Taiwan Strait, the South China Sea, the East China Sea, and the Western Pacific. This would also enable the PLAN to perform various non-traditional security missions well beyond China's near coast.

In 2012 the PLAN launched the JIANGDAO-class corvettes (FFL) (Type 056) with the plan of producing 20–30 more of this new class of small combatants,[63] which are particularly useful for supporting China's 'Near-seas Defence' strategy.

[59] U.S. Department of Defense (2014, pp. 7–8), U.S.-China Economic and Security Review Commission (2013).

[60] *Report to Congress*, 2013, Ibid.

[61] U.S. Department of Defense (2013, p. 7), U.S. Department of Defense (2014, p. 8).

[62] Ibid.

[63] U.S. Department of Defense (2013, p. 7), U.S. Department of Defense (2014, pp. 8–9).

In the same year, the PLAN commissioned two new YUZHAO amphibious transport docks (LPD), bringing its total number of LPDs to three. It is planning to introduce a new landing helicopter assault ship, called the Type 081, by 2018. The YUZHAO LPD is capable of carrying a mix of air-cushion landing craft, amphibious armoured vehicles, helicopters, and marines. This would help improve the PLAN's capabilities to take military actions against Taiwan as well as fulfilling such non-traditional missions as humanitarian assistance and counter-piracy.[64]

For Chinese civilian and military leaders, there has long been a desire to build aircraft carriers, which is considered a symbol of great power status. In 1998 China purchased an ex-Soviet aircraft carrier *Varyag* from Ukraine. After approximately 6 years of renovation work and 1 year of sea trials, China commissioned its first aircraft carrier, the *Liaoning* (辽宁舰) in September 2012.[65] The main value of this refurbished vessel is to build the PLAN's proficiency in aircraft carrier operations until it develops a carrier aviation capability later. China is seeking to pursue an indigenous aircraft carrier programme, which is indicative of its blue water ambition. The plan is to build at least three more aircraft carriers in the coming years, the first of which is being built in Dalian and will likely to be completed by 2018.[66] China's aircraft carrier capability will certainly enhance its capability to project air power in the Asia-Pacific and to undertake a range of other missions, including airborne early warning, anti-submarine warfare, helicopter support to ground forces, humanitarian assistance, search and rescue, and other naval operations.[67]

As China is concerned about potential American military intervention in a Taiwan Strait crisis and territorial disputes in the South and East China Seas, a main goal of its naval modernization efforts is to acquire anti-access/area-denial (A2/AD) capability.[68] The deployment of DF-21D ASBMs in 2010, combined with China's long-range ASCMs, would strengthen Chinese capabilities to intimidate US aircraft carriers in the Western Pacific region. China is believed to be fielding additional DF-21D missiles and developing a longer-range variant.[69] All this is clearly aimed at deterring US intervention or undermining its effectiveness in the event of a conflict between China and its neighbouring countries. Indeed, C4ISR systems, ASBMs, ASCMs, LACMs, attack submarines, among others, are seen as significant elements of China's maritime A2/AD force. Chinese defence planners are, as Geffrey Till argues, 'developing the capabilities they feel they need in order to turn their A2/AD thinking into reality'.[70]

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[64] O'Rourke (2014, pp. 3–38).

[65] See 辽宁舰 (Liaoning Aircraft Carrier), 环球军事 (Global Military), http://weapon.huanqiu.com/liaoningaircraftcarrier.

[66] Wan (2014).

[67] U.S. Department of Defense (2013, p. 6), U.S. Department of Defense (2014, p. 7), *Report to Congress*, U.S.-China Economic and Security Review Commission (2013, p. 213).

[68] Mahnken (2011).

[69] Erickson (2013).

[70] Till (2012).

Back in 1999, Thomas Mahnken already predicted that 'potential adversaries ... may ... develop ways to deny the United States and its allies the ability to project power into their spheres of influence.'[71] China certainly regards the Asia-Pacific as its spheres of influence and much of current Chinese defence planning is associated with the development of asymmetric strategies to tackle 'counter-intervention' in this region. China's A2/AD capabilities are developed precisely for the purpose of thwarting US military intervention in a conflict in the South China Sea (and the East China Sea).

The expansion and improvement of China's submarine force, the acquisition and upgrading of its destroyers and frigates, and the development of its cruise missile and ballistic missile force are all parts of an extensive programme to fortify Chinese asymmetric warfare capabilities. The DF-21A, for example, is a formidable anti-ship ballistic missile that could be used to deter US aircraft carrier battle groups from intervening in a regional conflict involving China. As such, Chinese military developments are 'war driven, catering for particular external security threats, specific adversaries and anticipated combat modes'.[72]

In recent years, China has also been paying particular attention to the role of space and satellite communications in fighting 'local war under modern informationized conditions' (现代信息化条件下的局部战争). The PLA has made some headway in developing its anti-satellite (ASAT) weapons. In January 2007 China fired its first anti-satellite missile destroying an aging Chinese weather satellite in outer space. There has been considerable progress in China's space programme with an increasing number of satellite launches. In 2012 alone, China conducted 18 space launches. In May 2013 China allegedly tested a new ASAT missile, the Dong Ning-2, which is a ground-based, high earth-orbit attack missile.[73] In July 2014 a US State Department official said that the Chinese government had conducted another ASAT test,[74] although China claimed that the test was on its land-based anti-missile interception system.[75] There is evidence of an expansion in China's space-based intelligence, surveillance, reconnaissance, navigation, meteorological, and communications satellite constellations.[76] All this is believed to be aiming at the US, which relies heavily on space and satellite communications for military operations. Thus, the use of anti-satellite weapons falls within the remits of China's asymmetric capabilities.

Similarly, cyber warfare features prominently in China's defence calculation, as the ability to gain control over information in military campaigns is crucial to the success of modern warfare. The PLA is actively building its capabilities for

[71] Mahnken (1999).

[72] You (2013).

[73] Keck (2014).

[74] Gruss (2014a, 2014b).

[75] Zhao (2014).

[76] U.S. Department of Defense, Annual Report to Congress, p. 9.

information advantage through advanced electronic warfare systems, counter-space weapons, and computer network operations.[77] These developments will definitely strengthen China's A2/AD capabilities. Indeed, the power of the Chinese military is not based on its capability to confront the most advanced military forces. Rather, it lies in China's ability to conduct asymmetric operations, which is designed to deter and defeat a much more powerful adversary.[78]

Why is China preparing for a potential conflict with the United States? America is not a claimant to any part of the South China Sea but it has vital interests in maintaining freedom of navigation in the Asia-Pacific. Washington is worried about the destabilising effects of a conflict among the claimants. Tensions between China and US allies such as the Philippines have escalated in the past few years, as China becomes more assertive in pressing for its claims. While America's official position on the disputes is neutral, Washington has made it clear that it has treaty obligations to support its allies in the region. This policy is known as the Obama administration's 'Pivot' or 're-balance' to Asia.[79]

Indeed, the United States signed a new military pact with the Philippines in April 2014. The 10-year military agreement, in the words of President Obama, indicates that American 'commitment to the defence of the Philippines is ironclad', and that 'the United States will keep that commitment because allies never stand alone'.[80] He reiterated his point in November 2014: '[A]ny effective security order for Asia must be based—not on spheres of influence, or coercion or intimidation where big nations bully the small—but on alliances for mutual security, international law and norms that are upheld, and the peaceful resolution of disputes'.[81] Antony Blinken, US Deputy Secretary of State, told a conference in Jakarta in May 2015 that China's land reclamation around reefs in the South China Sea would increase tension in the area and undermine regional stability.[82] In response to China's recent efforts to build artificial islands in the South China Sea, the Obama administration has sent an American military surveillance plane to fly over the areas where the new islands are being created.[83] This clearly shows Washington's displeasure with China's activities to strengthen its claims over the sovereignty of the disputed islands.

To Chinese leaders, any US involvement in the South China Sea disputes, direct or indirect, is an attempt to dominate Asia-Pacific security and constrain China in particular. They suspect that America would deploy its formidable naval forces to prevent China from asserting its claims by force over the disputed waters in the South China Sea. Thus, developing China's maritime capabilities is seen by

[77] Ibid., p. 32.

[78] This can be traced to Mao's philosophical thinking in that one does not need to be as strong as one's opponents to win a war. See Wang (2004).

[79] Clinton (2011, 2014).

[80] Felsenthal and Spetalnick (2014).

[81] Lee and Taylor (2014).

[82] Reuters (2015).

[83] Cooper and Perlezmay (2015).

Chinese military planners as a crucial step in safeguarding what they consider their national sovereignty and territorial integrity. In Beijing's view, the US is the biggest military power in the world that is capable of challenging China's security interests. It has a strategic interest and strong military presence in the Asia-Pacific. It also has many close friends and allies in the region, including Japan, Taiwan, South Korea, Australia, and various South East Asian countries. Washington is believed to have both the intention and military capabilities to frustrate China's attempts to assert its territorial claims and to intervene in a regional conflict.[84] President Obama's policy of re-balance to the Asia-Pacific is seen by the Chinese as a clear indication of America's support for its Asian allies that have unresolved maritime disputes with China.[85] This assessment is consistent with the Chinese discourse of the United States as a threatening 'other', that has been seeking to undermine China's endeavours to construct its great power identity.[86]

Clearly, China is dissatisfied with the current security order in the Asia-Pacific, which is dominated primarily by the United States through a series of security networks and alliances. China's more assertive posture in the South China Sea and the establishment of an air-defence identification zone in the East China Sea[87] could be seen as part of an attempt to assert China's identity as an indigenous great power that is entitled to play a more significant role in shaping the regional order. The upgrade of the Xiangshan Forum (香山论坛) from a track two forum to a track one-and-a-half multilateral security and defence forum in 2014[88] signals Beijing's determination to reshape the security order hitherto driven by America. Indeed, the Chinese government has presented the Xiangshan Forum as 'Asia's own platform for security dialogue',[89] which mirrors the Shangri-La Dialogue hosted annually by the International Institute for Strategic Studies.

The Xiangshan Forum, along with the Shanghai Cooperation Organization (SCO)[90] and the Conference on Interaction and Confidence-Building Measures in Asia (CICA)[91] of which China is currently the chairman, signify Beijing's intention to offer an alternative leadership for multilateral security co-operation in Asia. This is not to say that China would ignore or exclude the US in all its multilateral activities. After all, Presidents Xi and Obama met during the November 2014 APEC submit in Beijing, which led to the signing of bilateral agreements in various

[84] Qi (2013). Lieutenant General Qi Jianguo is the PLA Deputy Chief of the General Staff.

[85] He (2014), Wu (2012), Chu (2014).

[86] Li (2009), Chapters 2 and 3.

[87] Grammaticas (2013).

[88] Lu (2014); 'China Initiates Multilateral Defense Dialogue', 25 November 2014, Ministry of National Defence, People's Republic of China, http://eng.mod.gov.cn/SpecialReports/2014-11/25/content_4553805.htm.

[89] Wang (2014).

[90] For a perceptive analysis of the nature, development and significance of the Shanghai Cooperation Organization, see Fels (2013).

[91] For details of the CICA, see its official website, http://www.s-cica.org/page.php?page_id=7&lang=1.

areas including military co-operation. Nevertheless, it is clear that China has taken a much more proactive approach to projecting its identity as an Asia-Pacific power with global aspirations. This is evidenced by China's launch of the new Asian Infrastructure Investment Bank (AIIB)[92] and its plan to develop a 'Maritime Silk Road' as a trade route across Asia for promoting economic and maritime co-operation.[93]

Judging from Xi Jinping's foreign affairs speech at a central party leadership meeting in November 2014,[94] the emphasis of Chinese foreign policy seems to be on what he called 'win-win co-operation' (合作共赢). It appears that domestic economic development remains the priority for Chinese leaders. This indicates that China is unlikely to adopt a blatantly belligerent approach to altering the present Asia-Pacific security order, at least not for the time being. Instead, it will utilise the existent economic, political and diplomatic avenues to 'promote the reform of the international system and global governance' and seek to 'increase the representation and voice of China and other developing countries' through multilateral diplomacy.[95] One can therefore expect the Chinese leaders to become more active in creating or strengthening the organisations and mechanisms that would allow China to play a prominent leadership role in the Asia-Pacific and gradually restructure the regional order to reflect its great power identity and maritime power aspirations in particular.

6.5 Conclusion

Since 2009 Chinese leaders and policy elites have been striving to construct a much more self-assured and potent national identity for China that would commensurate with its growing economic strength and military capabilities. Rooted in its history and culture, China has a specific conception of its self-identity as a great power and it seeks to construct an Asia-Pacific security order that helps to fortify its identity and advance its strategic interests.

In recent years, China has been accelerating its naval modernization with the aim of achieving a maritime power status. This fits in with Beijing's great power identity and broadening security agenda. As China's global activities expand, Chinese leaders feel that they need to have the maritime capabilities to defend Chinese interests. Consistent with its 'far seas' defence doctrine, China is

[92] 'Why China is creating a new "world bank" for Asia?', *The Economist*, 11 November 2014, http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6.

[93] Wang (2015).

[94] '习近平出席中央外事工作会议并发表重要讲话' ('Xi Jinping Attended the Central Foreign Affairs Meeting and Delivered an Important Speech'), 新华网 (Xinhuanet), 29 November 2014, http://news.xinhuanet.com/politics/2014-11/29/c_1113457723.htm.

[95] Ibid.

developing the ability to conduct naval operations that will enable its armed forces to go as far as necessary to defend Chinese national interest. Specifically, building aircraft carriers capability will aid the Chinese military in carrying out expeditionary missions, whether in areas close to China or far away from it.

While China has settled most of its border disputes, it still has unresolved territorial disputes in the South and East China Seas. Chinese leaders see the possession of strong military power including maritime capabilities as a guarantee for the national security and territorial integrity of their country. For China, establishing the status of a sea power is an essential part of constructing an identity of a global power that is capable of protecting and expanding its regional and global interests. This paper has underscored the need to analyse China's recent activities in the South China Sea within the wider context of its aspirations to construct the identity of a great power and a 'strong maritime power' (海洋强国) in particular.

As the Constructivists argue, the security policy of a state may change as a result of changing identity and interests. China's more assertive posture on the South China Sea disputes evidently reflects its changing identity discourse and the resultant re-evaluation of its strategic interests. To many Chinese elites, it is time for China to become more forceful and proactive in asserting its claims in the maritime disputes with neighbouring countries. The discursive (re)construction of China's great power identity in the light of a changing global economic and strategic environment has contributed significantly to the legitimisation of its assertiveness in the South China Sea. The paper has also demonstrated that China's South China Sea policy can be better comprehended in relation to its discontent with the US-driven security order in the Asia-Pacific, as well as its endeavour to build up Chinese maritime capabilities and reshape the regional order and the international system.

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Chapter 7
Punish the Philippines, Forgive Vietnam? The South China Sea Disputes in the Eyes of Chinese Experts

Pascal Abb

7.1 Introduction

China's involvement in sometimes heated territorial disputes with neighboring countries in the South China Sea has attracted significant attention in recent years, owing not only to the immediate potential for conflict inherent in these clashes themselves, but also to speculation over what Beijing's behavior can tell us about the motivations and ambitions of this rising power. This question has been addressed both by authors with a background in disciplinary IR as well as policy analysts and area specialists. While many IR scholars are interested in the clashes as potential evidence of China's growing "assertiveness" as its power advantage ower rival claimants is growing ever larger, we have also witnessed an increasing interest in the specifics of China's tense bilateral relationships with the Philippines and Vietnam.[1] Common to both strands of the literature, however, is a sense that these disputes are a crucial test case for the nature and effects of "China's rise".

Interestingly, a similar desire to understand and predict China's future course has also led to a stronger focus on the role of expert advisers and think tanks in the Chinese policymaking process.[2] Most of these contributions agree that China's booming landscape of policy research institutes is enjoying a steadily increasing importance in this regard, and have accordingly focused on identifying the most influential players and the means by which they can impact looming foreign policy decisions.

[1] For some of the most recent contributions, see Fravel (2014), Johnston (2013), McDougall (2002), Swaine and Fravel (2011).

[2] See, for example, Shambaugh (2002), Zhu (2010), Glaser (2013).

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However, there is also another role which experts have been assuming in recent years, and which has so far received little attention: that of public commentators, who aim to reach audiences outside of academia with short articles or live interviews, both of which have become staples of Chinese media reporting on current foreign policy issues. To be sure, Chinese experts do not yet play the same role of "public intellectuals" familiar from academics in Western nations, mostly owing to prevailing formal and informal restrictions on policy debates. Since they are almost invariably employed at state-run research institutes and frequently party members as well, their role has often been described as "establishment intellectuals" who work in close coordination with political elites.

Still, it is precisely this closeness that makes it particularly interesting to study their public writings, because it allows us not only a better understanding of the dynamics of policy debates in China, but also insights into the kind of input which they might provide for decisionmakers. Additionally, experts can be expected to have a significant influence over Chinese public opinion due to their knowledge and credibility, and the messages which they convey deserve a corresponding attention especially when it comes to issues like the South China Sea disputes and their potential to rouse nationalist outrage.

Tying these two topics together, this chapter aims to show key trends in how China's two main rivals in the South China Sea are being portrayed in the writings of domestic experts, and what differences we can observe between the two examples. I will also provide specific examples for the content and role of expert commentaries in these debates by discussing a range of these writings that were published in the wake of high-profile clashes between China and its rivals, focusing on the 2012 standoff over Scarborough Shoal with the Philippines and the 2014 confrontation over the HS 981 drilling rig with Vietnam. Accordingly, this article is split into two parts, the first of which covers the results of a quantitative analysis of a large number of pieces dealing with both nations, while the second features an in-depth analysis of selected documents. Both parts also feature specific interpretations of these results as well as necessary context information, before summarizing the main findings and their implications in the conclusion.

7.2 General Trends in Expert Coverage

When trying to assess expert attitudes towards China's rivals in the South China Sea, it is most useful to start out by identifying the most prevalent trends and themes in the coverage, which makes it necessary to consider a very wide range of contributions. Accordingly, the first part of this analysis covers the commentary archives of three major Chinese foreign policy think tanks, namely the China Institute for Contemporary International Relations (CICIR), China Institute of International Studies (CIIS) and Shanghai Institutes of International Studies (SIIS). This is not an exhaustive sample—there are plenty of other think tanks whose experts are frequent media commentators, including a dedicated National

Institute for South China Sea Studies (NISCSS), and some university scholars have weighed in on the same topics on an individual basis. However, these three institutes represent the "cream of the crop" when it comes to media activity and presence, and were between themselves responsible for almost half of all mentions in core newspapers which a broader sample of 11 foreign policy research institutes received between 2002 and 2012.[3]

Contrary to many other think tanks and practically all universities, they also maintain extensive archives of their commentaries, which makes it possible to obtain a large corpus of text to work with. Using an automated content scraper, these archives were mined for a total of 1816 commentaries (768 from CICIR, 502 from CIIS and 546 from SIIS) written between early 2010 and December 2014, which neatly covers the most recent period of tensions in the South China Sea. The acquired texts were further processed with the Chinese segmenter made available by Stanford University's Natural Language Group, and coded for author, institute, publication date, and source.

Subsequently, this corpus was automatically searched for every instance in which several specific actors such as "Vietnam" were mentioned, and for each of these occurrences, I extracted a concordance consisting of the five words to the left and right of the concept of interest. In the next step, every word in these concordances was matched against the Chinese sentiment dictionary published by National Taiwan University, which covers a total of 2647 Chinese words with positive and 7741 words with negative sentiment connotations, counting every match with either list separately. I thus obtained a raw count of how many positively and negatively connotated terms, or "frames", appeared in the immediate proximity of each mention of a specific actor, and could subsequently estimate the overall sentiment with which these are portrayed from the relative prevalence of positive and negative frames.[4] This, in turn, allows some conclusions on the general attitude which all commenters expressed on the country in question, and whether readers are likely to be left with a positive or negative impression towards it.

Similarly, the most frequently covered topics and actors can be identified straightforwardly by building a word frequency table for the whole corpus of commentaries, and stripping it of any items that are not proper nouns, a category which includes the names of states, places and individuals. Both "Vietnam" (1214 occurrences across all texts) and "The Philippines" (981) can be found relatively high up on the resulting list as the 11th and 14th most frequently mentioned states, respectively. While the overall expert coverage is still strongly focused on the US and other major actors in the emerging multipolar order,[5] both nations attract far more attention than any other state in Southeast Asia, showing that Chinese analysts

[3] See Abb (2015).

[4] This methodology is mostly an adaptation of Daniela Stockmann's work on the framing of the US in Chinese media, see Stockmann (2011).

[5] Apart from China itself, the five most frequently mentioned actors are the US with 14,137 occurrences, Japan with 7393, ASEAN (2689), India (2317) and Russia (2047).

Table 7.1 Sentiment analysis results

Actor	Occurences	Pos. frames	Neg. frames	Sentiment prevalece	Sentiment polarity
Vietnam	1214	718	560	1.053	1.282
Philippines	981	385	601	1.005	0.641
Japan	7393	3925	4464	1.135	0.879
USA	14,137	7944	8556	1.167	0.928
ASEAN	2689	2268	614	1.072	3.694

have been taking the intensifying clashes seriously and made them a major item on their agenda (notably, the "South China Sea" is also a very frequently recurring topic with 1957 mentions).

The results of the quantitative sentiment analysis across all texts in the corpus are compiled in Table 7.1. Given are the total number of occurrences of each of these actors within the corpus, the total number of positive and negative frames surrounding them, the overall prevalence of all sentiment-carrying frames relative to the number occurrences, indicating how much the coverage of an actor is marked by sentiment of any kind; and finally and most importantly, the sentiment polarity, measured as the number of positive frames divided by negative frames. Accordingly, a number higher than 1 would indicate than an actor is overall portrayed positively, while a number lesser than 1 indicates mostly negative coverage.

This analysis reveals a striking difference in the portrayal of Vietnam and the Philippines in Chinese expert comments: the former is estimated to have received a significantly more positive coverage than the latter, as shown by the polarity indicator—specifically, its ratio of positive to negative frames is exactly twice as high. Vietnam also attracted mostly positive overall coverage, the only actor other than ASEAN in this sample to do so.

The Philippines, on the other hand, received the most negative coverage of any actor, despite the inclusion of Japan, with which China not only has a similarly intense territorial conflict, but whose image in China has also been marred by repeated controversies over prime minister Abe's treatment of "historical issues" relating to the Sino-Japanese war.[6] By way of comparison, expert potrayal of the US (the most-covered actor in the sample) is slightly negative, while that of ASEAN is estimated to be very positive. All of these results match impressions from my own reading of many Chinese expert commentaries over the last few years, in which most discussions of these actors were marked by several recurring themes. In order to explain this stark discrepancy in coverage between two nations whose bilateral relations with China seem—at least superficially—fraught with the same problems, I will first briefly summarize the basic points that set them apart in

[6] According to the Pew Research Center's 2014 *Global Attitudes Survey*, a mere 8 % of Chinese respondents had a favorable view of Japan. Such views are not only constrained to the general populace, but also prevalent among the IR expert community, who have in recent years focused on worries about a resurgent Japanese militarism (see King 2014).

the eyes of Chinese experts, and then move on to a more detailed examination of specific pieces published in the wake of high-profile incidents.

First, Vietnam and the Philippines have adopted different strategies in dealing with the challenge of a rising China, and their choices have in turn evoked different responses from Beijing that are also reflected in expert commentaries. While the Philippines practically evicted US forces stationed in the country after the end of the Cold War, it never abrogated its alliance treaty with the US, and has repeatedly responded to flare-ups in the South China Sea by stepping up military cooperation with its patron again.[7]

In 2014, both sides signed an additional agreement that is expected to lead to an increased US presence in the disputed waters of the South China Sea, although any deployment is still contingent on a specific invitation by the Philippines.[8] Additionally, the Philippines formed a "strategic partnership" with Japan in 2011, whose focus quickly expanded from economic to security cooperation, including the transfer of Japanese naval assets to strengthen the Philippine coast guard.[9] As will be shown in more detail in the next section, these moves were widely interpreted as part of a concerted Philippine effort to balance against China's rise by aligning with its regional and global competitors.

Vietnam, meanwhile, has largely stuck to its foreign and security policy doctrine of "three nos"—no military alliances, no foreign military bases in Vietnam, and no reliance on outside help in combat.[10] Below the level of official alliances, Vietnam has maintained close ties to Russia after the collapse of the Soviet Union, a link on which it can draw for arms imports if not official protection. Additionally, it has maintained a "comprehensive strategic partnership" with China since 2008, and eventually signed a similar agreement with the US in 2013, in a classic example of a "hedging" strategy that intends to keep as many options open as possible.

In the eyes of both Western and Chinese analysts, these different choices can be mostly explained by a major gap between their respective own abilities—while Vietnam has enjoyed an economic boom similar to China over the past decades and been able to steadily expand and modernize its naval capabilities with Russian equipment, the Philippine economy has been stagnant and marred by corruption, while its navy withered to a state where it was functionally incapable of protecting the nation's many outlying maritime territories and claims.[11] Accordingly, enlisting outside help—in this case, by rekindling its alliance with the United States—was a much more attractive option for the Philippine government, while Vietnam also had the viable choice of self-strengthening. Operating from a safer position, Hanoi was able to further pursue its "ominidirectional" foreign policy by keeping up engagement with China and simultaneously hedging this bet by building additional ties not

[7] de Castro (2009).

[8] Panda (2014).

[9] Traiano (2013).

[10] Truong-Minh and Trung (2014).

[11] Kaplan (2014), de Castro (2009).

only with the United States, but also nations like Russia and India rather than picking one side outright.

While cooperation between Vietnam and the US has increased through joint security dialogues, the exchange of officer delegations, limited usage of Vietnamese naval facilities, and—most recently—the partial lifting of the ban on lethal weapons sales, this is a far cry from the official alliance relationship tying the Philippines to the US, and as long as Vietnam sticks to the "three nos", this difference is unlikely to vanish. This stance also makes it unlikely that Vietnam would fully join any US-led coalition aimed at containing a rising China, a scenario which Chinese analysts have consistently identified as the main threat to their country's future influence and development.

Second, relations between China and Vietnam are marked by a special element due to the similarity of both countries' political systems and the close ties between their ruling parties—the Chinese Communist Party (CCP) and its counterpart, the Vietnamese Communist Party (CPV). Interparty connections and exchanges between party officials have often replaced official diplomatic channels, especially when it came to dealing with tensions in the South China Sea.[12] Both parties also share common ground in their desire to maintain their paramount position in their respective countries through a mix of delivering robust economic performance and burnishing their nationalist credentials, which means they are faced with a similar political dilemma whenever these two sources of legitimacy are in conflict—a problem which a territorial dispute with a major trading partner is wont to exacerbate.

In order to tackle this mutual problem, both sides agreed in 2011 to "steer public opinion along the correct direction, avoiding comments and deeds that harm the friendship and trust of the people of the two countries".[13] The phenomenon of nationalist protests demanding hardline responses to international incidents has long been a double-edged sword for the CCP due to its potential in undermining the party's legitimacy if this pressure is not heeded,[14] and the CPV saw itself faced with similar demands and protests directed against China as a result of the 2011 clashes.

Accordingly, when examining the public commentaries of Chinese experts, it is necessary to take into account that they are also expected to participate in building public consensus around the party's position, which in this case entails a desire not to overly antagonize Vietnam or to encourage anti-Vietnamese sentiments to the point where they would hinder an eventual return to cooperation. By keeping their criticism of the other side within bounds and reminding readers of the positive aspects of Sino-Vietnamese relations, they are effectively acting as a counterweight to the spread of overtly anti-foreign narratives that is missing from the coverage of Sino-Philippine relations, at least in part because this relationship is lacking the

[12] Thayer (2014a).

[13] Thayer (2011).

[14] See Weiss (2014).

same kind of understanding between officials not to fan the flames of nationalist fervor.

Third and finally, Vietnam and the Philippines also pursued different approaches in calling international attention to their conflicting claims with China and enlisting outside help in their resolution. This dimension is distinct from the efforts to obtain security assistance and commitments mentioned above, since it mostly focuses on gaining moral rather than material support.

Beyond its fears of facing a formal containment coalition, Beijing has also consistently demanded that any negotiation over territorial disputes must be confined to a bilateral setting between the two concerned nations, denouncing efforts to "internationalize" the issue by bringing in outside arbiters or even just organizing a multilateral venue, mostly out of concerns that it would not be able to bring its power advantage to bear in such a setting and would instead face the danger of a unified front of other claimants.

To date, the Philippines have also remained the only claimant to challenge the Chinese stance by formally requesting official arbitration under UNCLOS and filing a formal lawsuit against China before the UN's Court of Arbitration in early 2014, and despite some speculation about whether Vietnam might join them in this effort, no such step has been taken by Hanoi (of course, any juridical coordination between the two nations would be significantly complicated by the fact that their claims are not just in conflict with China's, but also each other).

While this analysis is helpful in identifying major trends and differences in expert coverage, it tells us little about the practice of related debates in China. Accordingly, I will now turn to a more fine-grained examination of specific pieces, focusing on the way in which two major recent incidents in the South China Sea were portrayed.

7.3 Experts Weigh in on the South China Sea Clashes: Two Case Studies

Before presenting concrete examples of Chinese expert writings on the South China Sea issue, it is necessary to provide some brief context information on the role which experts and their commentaries play not only within the Chinese policy process, but also China's political system as a whole.

First, unlike journalistic articles, these contributions not only cover the incidents in question, but also provide a background on how they relate to the overall state of relations between China and the country in question, as well as even more far-reaching matters like Chinese–American strategic competition within the region. One major difference with commentaries issued by Western experts is that they are not so strongly focused on making policy suggestions—as mentioned above, such advice is mostly provided through internal channels—but rather on explaining and expounding on China's current policies towards the issue at hand. Strong dissent

that would touch upon the broad guiding principles of Chinese foreign policy, endanger the party's legitimacy or undercut China's international negotiating position is very rare (but, as we will see, not completely absent from these debates). Accordingly, most authors stick to mainstream positions, explicitly support standing policies and restrict themselves to suggestions for smaller policy adjustments. Another characteristic of Chinese policy debates is that authors rarely mention how their own arguments relate to other positions or their exponents, which often makes it very hard to identify specific camps and the dividing lines separating them.

While these practices certainly limit the transparency of public debates on China's foreign policy, there are also factors that make them particularly worthwhile to study: one is that the experts' status as establishment advisers makes it easier to parse voices with a privileged access to party officials, and thus to identify a key impulse on elite decisionmaking in China. Second, since the positions staked out by experts can be seen as at least semi-official and state-approved, while often being much more detailed than official proclamations, they allow us a better understanding of China's position on recent developments in the South China Sea. Finally, examining the range of opinions presented also allows us to estimate the degree to which domestic policy debates have been settled or are still raging.

In order to show in more detail how this dynamic relates to China's policy towards different claimants in the South China Sea (and perhaps helps explain it), I selected a number of commentaries from scholars working at major Chinese foreign policy think tanks that addressed the two most recent major incidents in this region: first the Sino-Philippine confrontation over Scarborough Shoal from April to June 2012, and second the Sino-Vietnamese clash over the deployment of the *Haiyang Shiyou* 981 drilling rig near the Paracels from May to July 2014. While the background of each of these incidents will be briefly introduced, the goal is not to use Chinese commentaries to tell the story of these events, but rather to use them as examples on how Chinese experts portray the South China Sea disputes and their impact on relations with the Philippines and Vietnam to domestic audiences. These incidents were chosen because they led to a surge in commenting activity, allowing me to obtain a larger number of pieces that were written at the same time and on the same topic, enhancing comparability.

All articles discussed below were written by full-time employees of major Chinese think tanks, and published in major newspapers or online publications as well as through their institute's websites, most of which also served as sources for the previously discussed sentiment analysis. They can thus serve as a complement that sheds more light not only on the divergences in portrayal outlined above, but also on the contours of expert debates in China.

7.3.1 Expert Reactions to the Scarborough Shoal Incident

Scarborough Shoal is a small maritime feature about 200 km from Luzon, and one of the points where Chinese and Philippine claims in the South China Sea overlap.

Like many other confrontations in the region in recent years, the standoff over Scarborough Shoal erupted over the activity of civilian fishermen. In April 2012, the Philippine Navy attempted to arrest the crew of eight Chinese fishing vessels anchored at the feature, but were prevented from doing so by an intervention of Chinese maritime surveillance ships. Over the next two months, coast guard ships from both nations faced each other at the shoal in a tense standoff, although without engaging each other. Both sides withdrew their initial deployments in June (officially citing typhoon warnings as the reason), but a different detachment of Chinese law enforcement ships eventually returned to maintain a presence at Scarborough Shoal.[15] Since this incident was highly covered in the Chinese media, it raised interest of the South China Sea issue and allowed experts an opportunity to weigh in, leading to the publication of many commentaries over the weeks of the standoff, some of which will be examined here.

The first common theme connecting most of these articles addresses the causes of the incident. Responsibility is invariably assigned to the Philippine side, with most analysts subscribing to the view that Manila deliberately escalated tensions in a bid to benefit off the US "pivot to Asia" and enlist outside support for their own claims. CICIR's Ren Weidong argued that the tensions in the South China Sea established common ground between local claimants and would-be external balancers like the US, whose primary motive was to contain China.[16] The same point is echoed by Su Xiaohui of CIIS, who characterized the Philippine role in the conflict as that of a "vanguard" of American attempts at "reestablishing regional predominance in East Asia".[17] SIIS analyst Zhang Zhexin recounted the recent 2 + 2 talks and agreements for a larger US presence in the Phillippine EEZ, arguing that the prospect of US assistance emboldened Manila to challenge China over its claims in the area.[18]

However, most commenters were also quick to identify the points of divergence in the interests of both nations: CICIR's Chen Xiangyang and Ren Weidong both pointed out that the US-Philippine alliance does not cover disputed features like Scarborough Shoal and that the US has never taken an official position on these disputes, weakening the deterrent value of US deployments in the region. Focusing on the American side, Chen expected that the overriding importance of maintaining strong relations with China meant that the US would stay out of this conflict,[19] while Ren instead pointed to the Southeast Asian worries of damaging their economic ties with China, as well as concerns over alleged American attempts to intervene in their domestic affairs and political systems.[20] CIIS' Teng Jianqun took the opposite stance that US and even Japanese involvement in the disputes was now very likely, but warned the Philippines that this backing came at the cost of an

[15] de Castro (2013).
[16] Ren (2014).
[17] Su (2012).
[18] Zhang (2012).
[19] Chen (2012b).
[20] Ren (2014).

additional danger of being drawn into great-power confrontations.[21] Meanwhile, Su Xiaohui and Chen Qinghong focused on the strand of popular anti-Americanism in the Philippines that had played a major part in the ejection of US forces in 1991,[22] with Chen going so far as to accuse the Philippine government of "deceiving its people" and trying to turn popular opinion against China instead.

The second common strand consists of a frequently-used explanation for why Manila would seek to challenge China despite its obvious material disadvantages. Many Chinese experts argued that the restraint which China had shown during the past period of calm had been interpreted as an unwillingness to assert itself, thus leading to challenges from other claimants. Zhang Zhexin, Chen Xiangyang and Teng Jianqun all argued that China's adherence to "peaceful development" had been mistaken as weakness, and that the Philippines had committed a strategic blunder in underestimating Chinese resolve. All three held Manila responsible for this miscommunication and did not engage in criticism of China's past policies, with Chen stressing that "peaceful development" also included a commitment to the defense of China's territorial integrity,[23] and Teng reminding readers that "China's patience is finite and its diplomacy also has a harder edge".[24]

Ren Weidong, however, took a remarkably different stance in his own piece by attacking the Chinese doctrine of "peaceful development" itself as fundamentally flawed. He accused its domestic proponents of "erroneously believing that as long as we focus on economic development, the external environment will remain peaceful" and "trying to be good students of the international system who want to obtain the approval of Western powers", ultimately holding them responsible for the confrontation by "inviting others to violate our waters".[25] These statements went far beyond an analysis of the immediate incident to make a broader point about China's foreign policy that will be discussed in more detail below.

Regarding expectations about future developments, the general tone among analysts was one of cautious optimism. Most writers neither expected a further escalation of the incident nor saw it as a harbinger of substantive challenges to the Chinese position in the South China Sea: Teng Jianqun justified this view by pointing to the general gap in material capabilities separating China and the Philippines, while Zhang Zhexin went further into detail about the Philippines' minuscule navy budget and the country's economic and social problems.[26] Su Xiaohui and Ren Weidong also made similar arguments to question the credibility of the US "pivot to Asia", focusing on domestic economic troubles and the problem of overstretch and thus echoing widespread perceptions about American weakness

[21] Teng (2012a).
[22] Su (2012), Chen (2012a).
[23] Chen (2012b).
[24] Teng (2012b).
[25] Ren (2014).
[26] Teng (2012b), Zhang (2012).

in the wake of the financial crisis.[27] Teng Jianqun first downplayed the standoff by arguing that it was less intense than past clashes that had resulted in fatalities.[28] In a later article, he sounded a more cautionary note about the potential for this conflict to split ASEAN and undermine regional integration, in addition to the danger for great power conflicts that would arise from outside intervention.[29]

When it comes to policy prescriptions, commentators mostly refrained from making explicit suggestions on how to deal with the standoff itself, which is unsurprising given that such advice is generally provided through internal communication channels. However, several authors did use the opportunity to make broader points about the handling of the South China Sea issue in general: Chen Qinghong and Teng Jianqun called upon all concerned parties to adhere to the principles of "shelving disputes and pursuing joint development" and direct bilateral negotiations between claimants, respectively,[30] which is a simple reaffirmation of the two pillars of China's long-standing policy towards the South China Sea. Chen Xiangyang went further by offering effusive praise for the government's handling of the incident, calling its response "reasonable, beneficial, controlled and forceful" and "good for the country" while harshly criticizing the Philippine government and approvingly quoting deputy foreign minister Fu Ying's warning towards Manila.[31] Notably, he was also the only author to present a detailed account of China's own historical claim to Scarborough Shoal as a basis for justifying Beijing's stance.

Accordingly, his contribution can be seen as a prime example of the policy-legitimizing function which Chinese expert commentaries often fulfill. It is also special due to its publication venue, the highly prominent journal *People's Tribune* (*renmin luntan*), which often carries authoritative views on current political, theoretical and ideological issues, including contributions by top leaders like Hu Jintao or Xi Jinping. Expert commentaries appearing on its pages should therefore be regarded as at least semi-official views, and often serve the purpose of building elite consensus as well as conveying officially approved messages to foreign audiences.

On the other hand, Ren Weidong's comment stuck out with a call for a much tougher response, arguing that China should "use this incident to scare these countries, discourage them from challenging us, and correct their false impression of a conciliatory China" and "rather than alleviating the concerns of regional nations, prove to them that the US security umbrella is unreliable".[32] Taken together with his very negative comments about the utility of "peaceful development" detailed above, this opinion is not only extraordinary for being a hardline view, but because it also includes a direct and very strident attack on a doctrine that

[27] Su (2012), Ren (2014).
[28] Teng (2012b).
[29] Teng (2012a).
[30] Chen (2012a), Teng (2012b).
[31] Chen (2012b).
[32] Ren (2014).

had been considered orthodox for some time. Such examples of public policy contestation rather than affirmation are relatively rare, but all the more interesting and instructive for understanding the dynamics of related debates in China. First, however, it is necessary to provide some context on the concept of "peaceful development" and its relation to debates about China's South China Sea policy.

"Peaceful development"—or, in its earlier incarnation, "peaceful rise"—had itself been the brainchild of an expert advisor, first formulated by Zheng Bijian in 2003 and adopted into CCP canon a year later by Hu Jintao.[33] This slogan was drafted and promulgated in order to counter emerging narratives about the "China threat", shorthand for expectations that China, like other rising powers, would eventually challenge the regional and global order in a bid to impose its own, as soon as its capabilities allowed it to overcome the defenders of the status quo.[34] The spread of such negative perceptions of China especially among regional neighbors had become an acute concern for Beijing due to its potential for leaving the country isolated and encircled. Zheng's alternative vision sought to allay these fears by stressing both the distance which China, as a developing nation, still had to travel, and the potential for others to share in its ongoing economic boom. This message had been aimed at a regional audience from the beginning, and the doctrine soon became a cornerstone of China's "charm offensive" towards Southeast Asia.[35]

In 2004, increasing usage of the term "peaceful development" by officials had triggered an earlier debate among scholars about its applicability to China, the desirability to forego more robust means of foreign policy, and its utility in conveying the right kind of message to domestic and foreign audiences.[36] While the later concern ultimately led to the switch from "rise" to the more innocuous term "development", it remained the guiding theme for China's foreign policy throughout the remainder of Hu's tenure. However, as we have seen, the escalating South China Sea disputes rekindled the academic debate over "peaceful development", and ultimately also led to slight adjustment of China's stance. Shortly after taking office, Xi Jinping reaffirmed China's commitment to the doctrine, but offered a "clarification" to its meaning in January 2013: while China would stick to the path of peaceful development, it would "never trade away our core interests or swallow any harm to our sovereignty, security, and development".[37] There is an ongoing debate on whether the South China Sea has itself been upgraded to the Status of a "core interest", something which Chinese officials apparently claimed in a conversation with American interlocutors in 2010, but which has so far not been

[33] Glaser and Medeiros (2007).

[34] Roy (1996).

[35] Thayer (2008).

[36] Glaser and Medeiros (2007).

[37] "Xi Jinping chanming zhongguo heping fazhan yuanze dixian", *Xinhua*, January 30, 2013, online: <http://news.xinhuanet.com/politics/2013-01/30/c_114560069.htm> (accessed January 5th 2015).

publicly affirmed.[38] However, even if it is not, China's claims in the area would certainly be subsumed under general sovereignty concerns. Xinhua's official interpretation of Xi's remarks also made it clear that they were at least partially aimed at rival claimants, adding that "certain countries have mistakenly believed that China would make compromises or concessions on its core interests just to maintain an external environment for peaceful development" and had "repeatedly created disturbances, tried to blackmail China, and challenged its sovereignty, security and developmental interests as a result".

To be sure, this "clarification" fell far short of the radical diplomatic reorientation envisioned in Ren Weidong's piece, and is in fact indistinguishable from the view which Chen Xiangyang had made explicit in his *People's Tribune* article—maintaining a commitment to "peaceful development", but making it clear that this doctrine also entailed a robust defense of territorial claims. Chen's views represented an emerging mainstream consensus, as one would have expected given that they had been published in a high-level official paper and largely overlapped with the statements of other experts, while Ren's more hardline stance was a minority position.

Still, the fact that an analyst was able to openly attack one of the central pillars of China's foreign policy doctrine and its adherents (which did not only include other scholars, but also some of China's most senior leaders at the point of publication) is interesting, if only for the contrast with most of the other expert opinions which it offers. While most of the commentaries aim to stake out and support mainstream positions within the official and expert communities, this example shows that even strong-worded dissent is possible, although special circumstances contributed to its emergence: first, China was in the process of a once-in-a-decade top leadership transition, and such changes open up the potential for new coalitions and policy shifts as new leaders seek to establish themselves and leave their mark on party and nation. Second, the tensions in the South China Sea had been intensifying since 2009, somewhat discrediting the old policy consensus of "shelving disputes and pursuing joint development" and broadening the space for alternative ideas on how to deal with the situation. Both of these factors created uncertainty over current orthodoxy and China's future policy, simultaneously lowering the risks associated with public criticism and increasing the likelihood of being able to influence upcoming decisions.

7.3.2 Expert Reactions to the HS 981 Incident

The latest, and even more intense, clash between China and one of its neighbors over claims in the South China Sea occurred in spring 2014, this time involving Vietnam. Contrary to the Scarborough Shoal standoff, which can be seen as an

[38] Fravel (2011).

example of "reactive assertiveness" in which Chinese forces responded to a challenge, Beijing made the first move on this occasion: on May 2nd, the CNOOC drilling rig *Haiyang Shiyou 981* (HS 981) was redeployed to a location near the disputed Paracel islands, accompanied by a large fleet composed of a Navy detachment, ships from civilian maritime enforcement agencies, and private fishing vessels. Vietnam reacted by sending ships of its own out to challenge the Chinese presence, and both fleets engaged each other on May 7th in a highly-publicized clash, with both sides subsequently accusing the other of having rammed their ships.[39]

On May 11th, Vietnamese citizens gathered for anti-Chinese protests in several cities around the country, which local authorities did not interfere with initially. Two days later, some of the protests turned into riots which resulted in one death and the destruction of several factories thought to be owned by Chinese companies. Following this development, the Vietnamese government clamped down on the protests, while clashes at sea continued unabated with the sinking of a Vietnamese fishing vessel. In July, China announced that exploration work had been finished and withdrew the rig one month ahead of its original schedule, while Xinhua also cited typhoon warnings as another possible reason. Western analysts, meanwhile, attributed the withdrawal to a bilateral agreement brokered behind the scenes in order to avoid further damages to their relationship and strengthening the anti-Chinese faction within the CPV.[40]

When comparing the reaction of Chinese experts to this incident with the one triggered by the Scarborough Shoal standoff, several crucial differences are immediately apparent that can also shed some further light on why there is such a significant gap between the portrayal Vietnam and the Philippines.

First of all, experts did not weigh in at all during the initial phase of the confrontation, which lasted from the rig's deployment to the outbreak of anti-Chinese protests. The first commentary from a major institute, written by CIIS' Jia Xiudong, appeared on May 12th and only referenced "Vietnam's unreasonable interference with our offshore drilling near the Paracels" in passing, while focusing instead on the implications of the ASEAN foreign ministers' joint declaration on the South China Sea issue that had been published 2 days earlier.[41] This lines up with a general lack of coverage which the HS 981 confrontation initially received in Chinese media, while an almost simultaneous incident involving the arrest of Chinese fishermen by Philippine authorities was extensively covered and criticized by media outlets and experts.[42] However, media attention to the incident rose sharply following the anti-Chinese riots on May 13, and most commentaries focusing on it appeared in the few days immediately following the escalation. This is a first piece of evidence that Beijing's desire, at least initially, was to

[39] Wong (2014).

[40] Thayer (2014a, b).

[41] Jia (2014).

[42] BBC Monitoring (2014).

downplay the confrontation and not let it cause a serious rift in bilateral relations. It is plausible that Hanoi's tolerance of anti-Chinese protests was seen as a violation of the agreement not to encourage domestic nationalism directed against the other side and thus answered with a media offensive in China.

Even in the aftermath of the riots, however, most experts still took a significantly more lenient stance towards Vietnam than the Philippines: NISCSS director Wu Shicun was one of the first to weigh in, criticizing both rivals for having recently codified their claims in new laws and trying to rally ASEAN support for their cause, but avoided any mention of the HS 981 incident while singling out the Philippines for their "aggressive and arrogant behavior in pushing for the internationalization of the South China Sea issue, and incessantly provoking China by drawing in the US and ASEAN."[43] Attempts by both states to build support during the ASEAN summit in Naipyidaw had also been denounced by Jia Xiudong in his earlier piece as "trying to blackmail ASEAN into backing their position",[44] while SIIS analyst Cai Penghong similarly criticized them for "attempting to subvert ASEAN's stance of neutrality" and warned that a new ASEAN consultation mechanism for maritime security would allow any two states to declare an emergency at sea, arguing that this made it easier for a potential Vietnamese–Philippine coalition to commit all of ASEAN to their cause.[45] However, neither of these authors mentioned the HS 981 standoff, nor did their messages seem specifically aimed at Vietnam. Instead, they all voiced concerns about the possibility of ASEAN abandoning its official neutrality on the disputes in general, reiterated China's long-standing principle of sticking to bilateral negotiations only among directly concerned parties, and stressed the value of China-ASEAN friendship and cooperation. Wu was the only one to offer a warning in quoting Xi Jinping that "China does not seek trouble, but neither does it fear it", but addressed it at "a minority of peripheral countries which keep committing errors" rather than Hanoi in particular.[46]

It took yet another few days before commentators began to address the standoff in detail and to provide a background on it: Zhou Shixin of SIIS was the first to do so, ascribing Hanoi's decision to challenge the deployment to an American encouragement to challenge China, a desire to internationalize the dispute, and to placate domestic discontent over economic conditions.[47] He did criticize the Vietnamese government directly, but primarily characterized its actions as harmful to Vietnamese rather than Chinese interests, arguing that the riots had harmed Vietnam's international image and that a split between both nations would "create opportunities for Western nations to subvert Vietnam's political system". In doing so, he appealed at the shared interests of both party-states rather than national interests as

[43] Wu (2015).
[44] Jia (2014).
[45] Cai (2014).
[46] Wu (2015).
[47] Zhou (2015).

a special motivation for upholding their cooperation, stressing the importance of this dimension to Sino-Vietnamese ties. Finally, he called on China to actively engage Vietnam over the incident and stressed the value of their "comprehensive strategic partnership" for both sides, a point which some of his colleagues would also echo in their subsequent takes on the issue. Cao Qun of CIIS went into the most detail, recalling the 2013 presidential meeting between Xi Jinping and Truong Tan Sang and their joint affirmation of the spirit of "good neighbors, good friends, good comrades and good partners", while also pointing to concrete cooperation agreements on sea use, oil exploration and finance.[48] His piece culminated in a call on Hanoi "to cherish the hard-won cooperation and be wary of American and Japanese attempts to sow discord between them and China" and to withdraw its ships from the rig.

Relatively late into the dispute, Chen Qinghong weighed in with CICIR's only commentary on the subject, which was notably also the only one to feature a harsher tone on this occasion. Demanding an apology from Hanoi to the Chinese people, he accused the Vietnamese government of "having created the incident in order to further its own interests in the South China Sea" and "inciting the masses in order to deflect resentment against its corruption and the worsening economy towards China."[49] Notably, this commentary was also the only one to feature a detailed defense of China's own claim to the Paracels.

Finally, it was the last major commentary on this issue that contributed the most original points. Writing in late June as the crisis was already subsiding in the wake of Yang Jiechi's visit to Hanoi, SIIS' Zhang Chun revisited the earlier question of why Vietnam had mounted such a persistent challenge to the rig deployment, given China's vastly superior capabilities at sea.[50] His take was unique in that he did not resort to external explanations like the US "pivot to Asia", and also presented a much more detailed view of domestic dynamics in Vietnam. He criticized the perception that Vietnam had simply emulated the Chinese model for development and governance, and pointed out that the former had actually drawn ahead on issues like the fight against corruption, intra-party democracy and land privatization, and had developed a distinct consciousness of being at least a middle power and a regional leader as a result of its success. He further offered a new view on the US angle, arguing that the role of Vietnamese–Americans not only in lobbying the US government, but also in pressuring Hanoi into a tough stance had been overlooked. He closed with the assessment that inter-party ties were a double-edged sword that was a major reason for keeping Vietnam from taking an outright anti-Chinese stance, but on the other hand also constrained Beijing's options in a similar manner.

Overall, the common thread connecting almost all of these pieces is that they expressed a clear desire for a quick return to robust Sino-Vietnamese cooperation, and built both their outlook and policy recommendations around this theme. While

[48] Qun (2015).
[49] Chen (2014).
[50] Chun (2015).

none of them explicitly took fault with Beijing's behavior during the incident—something which is still a bridge too far for foreign policy debates in Chinese media—many of the authors were clearly alarmed at the prospect of a deep rift that would push Hanoi towards the United States, and thus framed their portrayal of Vietnam in relatively favorable terms, stressing the "carrot" of future cooperation rather than the "stick" of China's military superiority. While this shared desire led to a smaller diversity of opinions than in the case of the Scarborough Shoal standoff, this unity also served to send a clear message to the public, officials and foreign audiences, outlining an uncontested mainstream position in favor of maintaining close ties.

7.4 Conclusion

As we have seen, there is a significant difference in Chinese expert attitudes towards the Philippines and Vietnam, which mostly reflects a gap in expectations: in a nutshell, experts are still optimistic about a future partnership with Vietnam and have identified this as a key national interest, while they have increasingly come to identify the Philippines as an opponent and a likely member of an anti-Chinese coalition. This is mostly due to the degree to which they have been willing to embrace the US "pivot to Asia" and to the existence of informal ties that establish an element of mutual trust and perceived shared interests in the case of Sino-Vietnamese relations.

If these diverging perceptions become the basis for future strategic choices in how China deals with its Southeast Asian neighbors, two consequences are likely: first, that we will see a continuing Chinese preference for handling disputes and even overall ties bilaterally, which allows it to dole out selective rewards and punishments but runs contrary to the vision of an inclusive, multilateral regionalism; and second, that the Sino-Philippine relationship will, ceteris paribus, be the more conflict-prone across military, diplomatic and economic dimensions. Any future developments will, of course, also depend on Hanoi's and Manila's own responses to China's behavior in the South China Sea, but for the time being, this is the prevailing view within the Chinese expert community.

Another thing to take away from this analysis is the utility of studying expert debates to get a handle on the evolution of elite thought on foreign policy in China. As described, commentaries are a particularly rich source because they serve multiple functions and are aimed at various audiences: they not only try to convey policy advice to decisionmakers, but are potentially far more influential in shaping the public's perception of disputes and China's policies towards them. They interpret and expound on policies for domestic audiences (and, in so doing, usually legitimize them as well), while also conveying more background information to international observers, making it easier to understand why a particular choice was made. By studying the overall diversity of these pieces and their specific suggestions, we can also obtain hints about ongoing policy debates and, perhaps,

anticipate upcoming changes, which is especially relevant for high-profile issues like China's regional diplomacy.

Finally, it needs to be pointed out that even the most negative texts in this sample are still a lot less hostile towards rival claimants than many articles published in commercial newspapers which try to attract readers with jingoistic rhetoric, let alone by some members of China's vibrant online communities. While nobody should expect any Chinese expert to call for a compromise on territorial claims, a substantial majority backs the position of postponing a resolution in favor of joint development, which should be seen as a moderate position given the parameters of Chinese public opinion on this issue.[51] As long as there is an elite consensus around this position and experts can marshal their credibility in its support, this should be one reason for cautious optimism on the future of the South China Sea.

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[51] See Chubb (2014).

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Chapter 8
China's Nationalist Narrative of the South China Sea: A Preliminary Analysis

Kheng Swe Lim

8.1 Introduction

Analysts have bandied around many explanations as to why the South China Sea conflict has suddenly reignited in recent years. One factor mentioned in today's discourse is the resurgence of Chinese nationalism. According to this rather simplistic strand of thinking, China suffers from a strong sense of "victimization", due to its painful history of occupation at the hands of foreign powers. Therefore, China believes that it needs to protect its current territory and regain what it has lost to the foreign powers. Chinese foreign policy is governed by the "passions of its people", especially given that the "strong-man" governance under Deng Xiaoping and Mao Zedong has given way to collective leadership, which is more sensitive to public opinion.[1] By this view, China's more assertive actions in the South China Sea between 2009 and 2014, such as taking active control of the Scarborough Shoal, the cutting of the cables of a Vietnamese seismic prospecting vessel, and the moving of an oil rig into disputed waters between China and Vietnam, are driven by such sentiments, as China hope to regain what foreign powers took away during the "Century of Humiliation".

Although the above narrative does contain some truth, it is in many ways too simplistic. We must ask: what are the narratives that are guiding this nationalism? What are the causal mechanisms that allow this form of Chinese nationalism to exert changes in China's policy towards the South China Sea? How does nationalism towards the South China Sea compare to anti-Japanese nationalism? Although Chinese nationalism regarding the South China Sea does exist and exhibits many of

[1] Such a view is echoed in the following article: Sutter (2012).

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the features often mentioned by Western scholars, such sentiments must be read in comparative perspective. The best way to do so would be by comparing to China's nationalist sentiment over the South China Sea to that over the Diaoyu/Senkaku islands dispute, as levels of nationalist sentiment are much higher in the latter compared to the former. The results of the comparative study suggest that, although nationalism plays an important role in the South China Sea dispute, its influence may not be so overwhelming as to preclude any attempts to improve China's ties with other claimant countries in the South China Sea. It would therefore be wrong to conclude with certainty that China's foreign policy on the South China Sea is run by the "passions of its people".

This chapter looks at the dominant narrative behind China's thinking towards the South China Sea. This analysis will be supplemented with some preliminary studies on the opinions on Chinese Internet forums about the South China Sea, in comparison with those about the East China Sea dispute. Keeping this comparison in mind, I would then make some tentative guesses as to the role of Chinese nationalism in shaping the future of the South China Sea dispute.

8.2 Why Nationalism Matters for China's Foreign Policy

The classic "Benedict Andersonian" definition of the nation describes it as an "imagined political community". According to Anderson, the members of a nation "imagine" that they share a "deep, horizontal comradeship" with its other members despite never meeting them; furthermore, the nation is imagined to be sovereign and having distinct boundaries separating it from other nations.[2] In the case of China, nationalism would therefore take place in terms of peoples' broad popular identification with an "imagined China".

These manifestations of "Chinese nationalism" often places China in opposition to a foreign nation, be it the United States, Japan, Vietnam or the Philippines. In studies of the nature of present-day Chinese nationalism, scholars of China, largely based in the West, note that it has become more fervent recently. Christopher Hughes argues that China's nationalist turn was actually began in the early 1990s, when the government implemented a number of ideological strategies in order to shape patriotism in ways compatible with the maintenance of China's reform agenda. Furthermore, the protests which broke out after the bombing of the Chinese embassy in Belgrade and the anti-Chinese riots in Jakarta compelled the Chinese government to raise its patriotic rhetoric to satisfy public opinion, while at the same time stressing that these displays of patriotism should take place within the law.[3] Zhao Suisheng argues that Chinese nationalism has taken a new strident turn since 2008. He argues that there are two types of nationalism, namely top-down and

[2] Anderson (2006).

[3] Hughes (2009).

bottom-up. Top-down nationalism identifies the Chinese nation with the communist state and is reactive, as opposed to proactive, in international affairs. Meanwhile, bottom-up nationalism, driven by societal forces, is suspicious about Western motives aimed at containing China.[4] Zhao argues that since 2008, China's government has been more responsive to popular nationalism, and he attributes the spike in China's actions in the East and South China Seas to this fact.[5] Dingxin Zhao argues the Chinese government uses nationalism in order to boost its legitimacy, but at the same time recognizes that it is difficult to allow the public to voice their nationalistic opinions freely but keep quiet about other issues.[6]

Hughes, Zhao and Zhao, note the increased strength of modern Chinese nationalism, but do not draw a clear path as to why the Chinese government would be concerned about public opinion or legitimacy. Other authors, though, write that the government is wary of dissent or mass movements that have the potential to spread across the country, uniting disparate social groups. Ching Kwan Lee notes, for example, that the disparate labor protests throughout the country do not pose a threat to Beijing. Due to their disparate aims, the labor movement remains atomized, meaning that workers in Liaoning and Guangdong provinces have no interest in uniting in "large-scale, cross regional unrest".[7] In the article "Studying Chinese Politics: Farewell to Revolution?", Elizabeth Perry writes how the CCP is adept at using the revolutionary tradition of Maoist mass campaigns in the present day, as can be seen by campaigns to put an end to SARS and to construct a "New Socialist Countryside" from 2007 to 2008 by improving infrastructure in rural areas.[8] These campaigns show how adept the Chinese government is in channeling public sentiment in order to advance its interests, such as that of furthering economic development or stamping out a SARS pandemic; this suggests that the government could also shape and channel nationalist sentiment to advance the Chinese national interest. Nevertheless, China is most wary of an intersection of nationalism and the politics of discontent that could affect domestic stability. Anti-foreign nationalist sentiment is an issue that, due to China's "patriotic education" campaigns and the influence of historical memory, cuts across social cleavages in China and has the potential to unite the Chinese public, which could pose a threat to domestic stability.

[4] Zhao (2013).

[5] Ibid., pp. 543–546.

[6] This information is taken from Zhao's (2002).

[7] Lee (2007).

[8] For details, please see: Perry (2007). Perry details the continuation of China's revolutionary tradition in modern Chinese politics. To this we may also add events such as the Beijing Olympics, by which the whole nation can be considered to have been mobilized into a mass campaign to ensure its success.

It is possible too that key decision-makers in the Chinese government and military have internalized a nationalistic outlook—one colored with a realist tinge—with regards to international relations.[9] Hughes theorizes that among the Chinese elite, nationalism has merged with geopolitical thinking. "Geopolitik" nationalism likens the state to a "living organism", which needs geopolitical space of its own in order to develop and function.[10] Therefore, it is a mark of strong nationalism for the country's leadership to focus on improving their country's geopolitical position. If this theory is correct, Chinese policy-makers conflate their strong feelings of nationalism with a highly geostrategic view of the world. Similarly, Lei Guang argues that the Chinese government has strongly internalized the concept of the Wesphalian system of nations, to the point where it becomes part-and-parcel of Chinese nationalism. By this formulation of "Realpolitik nationalism", any violation of the territorial sovereignty of a state cannot be accepted.[11] Evidence of this point of view can be seen in some articles written for the China Defense Journal, published by the People's Liberation Army. The piece "A Preliminary Study of Approaches to Safeguarding Sea Lanes of Communication by Big Powers", stresses that safeguarding maritime sea-lanes is vital in protecting the economic security of China.[12] In the piece "Regarding Safeguarding a Country's Interests", the author states that "whoever controls the sea controls everything" and accuses the Vietnamese of trying to exert control over the South China Sea by using its maritime claims in the Spratly Islands.[13] Another article, "An analysis of the Laws of Sea Powers Contending for and Controlling Strategic Maritime Passageways", argues that smaller countries inevitably fall under the influence of larger countries in a maritime zone.[14] Pushing this logic further, the smaller claimant countries of the South China Sea, namely the Philippines and Vietnam, therefore lack agency and are pawns of larger powers such as the United States.

The existing literature on Chinese nationalism, the politics of mass sentiment, and the Chinese elite's "geopolitik thinking", suggests that nationalism has a role to play in the formulation of Chinese foreign policy, although the causal links between the former and the latter are often not clear. The next section aims to place these ideas of Chinese nationalism within the context of the South China Sea disputes, comparing them to China's relations with Japan.

[9] The literature review in this paragraph about the Chinese government and nationalism is derived from the author's unpublished master's thesis "In Trade We Trust: An Investigation on the Links between Trade and Diplomatic Tensions in Sino-Philippine and Sino-Vietnamese Relations", presented to the committee for Regional Studies East Asia at Harvard University, 28 March 2013, 62–63.

[10] Christopher (2011).

[11] Lei (2005).

[12] Wang (2010).

[13] Zuo (2010).

[14] Liang (2010).

8.3 The Emerging Chinese Nationalist Narrative Over the South China Sea

China's nationalist narrative over the South China Sea is marked by two factors: a sense of having been historically wronged by neighboring countries, which have invaded and deprived China of territory that it considers to be an inseparable part of itself; and a feeling of "encirclement" by the great powers and smaller neighboring countries. According to the Chinese narrative, China's territory was continually invaded and taken by the foreign powers during the "Century of Humiliation", lasting from the Opium War up till China's "liberation" from the Japanese occupation and Jiang Jieshi's nationalist government. However, some countries loom larger in China's nationalist consciousness. Chief among these "rivals" is Japan, which occupied large swathes of China during the Second World War. Western countries, particularly the United States, also bear the brunt of China's nationalist backlashes, as can be seen from the angry reaction in China to the 1999 bombing of the Chinese embassy in Belgrade, and the 2001 spy-plane incident off Hainan. Vietnam and the Philippines seem to have been added to this list of foreign countries that loom large in the Chinese nationalist consciousness.

The islands in the South China Sea have permeated the Chinese nationalist consciousness. The Chinese media, both official and unofficial, emphasize that the "Xisha" and "Nansha" islands are an inseparable part of China, further cementing this idea in the public consciousness. The nine-dashed line, too, has become entangled within the Chinese nationalist view of the South China Sea. The line has long historical roots: the Republican government published the first map detailing China's claims in the South China Sea in 1947, which included an 11-dash line. The government of the People's Republic removed two of the dashes extending into the Gulf of Tonkin, but retained the dashes in the South China Sea. The line resurfaced in 2009, when China, in protest to the Vietnamese and Malaysian joint submission to the United Nations, submitted a map with the nine dashes in order to illustrate China's claims.[15] The line has now become an indelible part of the Chinese national consciousness with regards to the South China Sea. Chinese passports now include the nine-dashed line, and that when Chinese museum exhibits, portray a map of China, they always make it a point to include the nine-dashed line (also known as the U-Shaped line) as an inset.[16]

Baidu Baike, an online encyclopedia, offers a common Chinese perspective on the South China Sea disputes, and can be taken as a credible primary source for determining the common Chinese narrative in the South China Sea. The site's content is crowdsourced, so it is likely to reflect the popular Chinese narrative. In addition, the site will likely not include any content that clashes with the official narrative of the South China Sea, in order to conform to Chinese government media

[15] Wu (2013).

[16] This observation was made during the author's several trips to China over the past 3 years.

regulations. According to Baidu Baike, the South China Sea has been part of China since antiquity, with the islands having been inhabited by China since the Western Han Dynasty. China has long exhibited economic and cultural activities on these islands, with Chinese currency and pottery having been found on these islands and with remnants of old temples existing on them. According to the site, China claims to have continuously exercised sovereignty over these islands up till modern times. However, in the twentieth century, other Southeast Asian countries began to invade and occupy these islands. Between 1956 and 1971, the South Vietnamese government claimed ownership over the islands in the South China Sea and invaded multiple times. In 1982, South Vietnam claimed ownership over the entire Spratly Islands, and between 1975 and 1991 invaded and occupied 27 islands in the maritime region. Meanwhile, the Philippines also began its claims over the islands in 1946, and invaded and occupied a total of eight islands between 1970 and 1980. Therefore, in the Chinese narrative, Vietnam, the Philippines, and the other claimant countries are invaders who have taken away what has rightfully been China's territory for thousands of years. China's actions in the South China Sea conflict can therefore be framed as one in which China needs to reclaim territory wrongly taken from it by its smaller neighbors.[17]

It is not the place of this chapter to debate the merits of the sovereignty dispute. However, it is true that these feelings of having been historically wronged by foreigners explain China's attitudes towards the actions of the Philippines and Vietnam. The Philippines has tried to bring the South China Sea conflict up in various ASEAN forums, and has tried to take China to international arbitration in order to determine the legitimacy of the nine-dashed line. Vietnam has supported the Philippines' attempts to bring China to court, and has brought the South China Sea issue up in its conversations with foreign governments as well as in international forums such as ASEAN, the ARF, the EAS, APEC and the United Nations.[18] By doing so, both countries hope to place what they perceive to be China's assertive behavior in the international spotlight, which they hope would restrain China's behavior. Furthermore, from the point of view of the Philippines, the "legalization" of the conflict is a means of reframing it as an issue of international law; the Philippine foreign secretary Alberto del Rosario has publicly stated that political and diplomatic means of resolving the dispute have not yielded any results, hence the need to use legal means to resolve the conflict.[19]

However, the Chinese view these moves differently, especially in light of the "geopolitik" and "realpolitik" nationalist views mentioned earlier. China believes that the United States is using the South China Sea in order to place pressure on

[17] The information in this paragraph reflected the contents of the following webpage as of 15 September 2014: "Nanhai Zhengduan" (The South China Sea Dispute), Baidu Baike Website, http://baike.baidu.com/link?url=GByulS6Zf-2PiQDcvSvfEjAPrg_uDiQr9h-suWvb5q5dEFkktm4rNAfPmBPNndiaryykSEuzDzzUsJiz752I6_

[18] Vuving (2014).

[19] http://globalnation.inquirer.net/73281/del-rosario-taking-sea-case-to-arbitration-was-last-resort/comment-page-3

China and ensure its leadership in the Asia-Pacific, while making sure not to get involved in any military entanglements which would lead to an escalation of tensions and endanger the fundamentals of the Sino-U.S. relationship.[20] This belief is further entrenched by the fact that Vietnam and the Philippines have been strengthening their ties with the United States. In 2014, the Philippines announced that it would allow the United States to use its bases for the first time since the 1990s, and Washington has partially lifted restrictions on arms sales to Vietnam, in the hopes of supplying naval equipment to Hanoi. Assuming the Chinese military actually believes that the smaller Southeast Asian countries lack agency in the face of U.S. power, it is also likely to believe that the United States is supporting Philippine and Vietnamese attempts to "internationalize" the dispute.

These two strands in the broader Chinese nationalist narrative, namely of having been historically "victimized" by foreign powers throughout the many wars and invasions of the twentieth century, and of being "encircled" by the United States by using its allies in Asia, therefore form a potent combination in the specific case of the South China Sea. China's nationalist narrative can easily interpret events in the South China Sea as evidence that foreign powers are trying to prevent China's rise as a great nation, further strengthening these nationalist sentiments of victimization. This further entrenches the status of the South China Sea conflict in the Chinese public's consciousness. Furthermore, the increasing belief that China is being encircled will also brush up against the "Geopolitik nationalism" which Lei Guang argues exists among some circles in the Chinese military.

However, we must keep in mind that although the South China Sea has permeated the Chinese national consciousness, the feelings that this dispute arouses pale in comparison to those surrounding China's conflicts with Japan, which have spilled out into street protests several times. As mentioned above, China's relations with the claimant countries to the South China Sea are strained by the "classic" nationalist narrative of encirclement, and victimization due to China's territory being wrongfully stolen from it. China's relations with Japan are marked by similar strands: encirclement, because of the islands' proximity to the Chinese mainland; and victimization, due to China's belief that the Diaoyu/Senkaku Islands have wrongfully been taken from China. Added to these factors, though, is the "history issue" of the Japanese occupation during the Second World War. This emotive element has been played up very strongly in China's nationalist discourse, meaning that a small territorial dispute such as the Diaoyu/Senkaku islands becomes an issue more significant than the small size of the islands or their lack of strategic value would suggest. In the face of the strong emotions that the East China Sea disputes generate, the role of nationalism in the South China Sea dispute seems mild by comparison.

[20] Wu (2013, p.159).

8.4 Comparisons with Anti-Japanese Nationalism in China

China's nationalist sentiments towards Japan have their roots in China's long and painful history of occupation by the Japanese Empire in the early twentieth century; Japan's occupation caused immense suffering to ordinary Chinese during the Second World War, and Japanese troops were responsible for atrocities such as the Nanjing Massacre which have left an indelible mark in the Chinese nationalist consciousness. It is true that during the Maoist Era, as China went through internal turmoil, Japan did not feature largely in the nationalist discourse. Popular anti-Japanese sentiment really only began to rise during the "reform and opening up" period. James Reilly argues that although the state may have played a role in the patriotic education campaign, which reignited the painful memories of the Japanese occupation, much of the strength of the anti-Japanese sentiment in China is due to the "history activists" and the popular press. These activists, who consisted of academics and private individuals, seized on the space which the patriotic education campaign provided them in order to promote awareness of Japan's actions during the Second World War. The popular sentiment then ran ahead of the government's ability to shape it, and Reilly writes that the Chinese government has occasionally tolerated these, as they could enhance China's negotiating leverage.[21]

Nevertheless, it would be wrong to blame all of the anti-Japanese nationalist anger solely on the instigation of the Chinese government, or on the political and cultural environment of the post-Mao reform era. The Chinese government may have provided the intellectual space for anti-Japanese sentiment to flourish, but without the historical facts of Japan's actions in China during the Second World War, though, there would still be no "raw material" that this sentiment could feed off, and Sino-Japanese relations would not be as tense as they are now. The current levels of nationalist sentiment that the Chinese feel towards Japan can therefore be traced back to the "history issue" which exists between both countries. The Chinese government has created a space in the public discourse that allows anti-Japanese sentiment to occupy and expand, but this sentiment would not have existed if not for the Japanese occupation itself.

Anti-Japanese sentiment in China is markedly sharper than in the ASEAN countries. According to the 10th Japan-China Public Opinion Poll, published on September 9, 2014 by the Genron NPO and the China Daily, 86.6 per cent of Chinese respondents had an unfavorable view of Japan. 64 per cent said that this was due to the Diaoyu/Senkaku Islands, while 59.6 per cent attributed this to Japan's lack of remorse over its actions during the Second World War. Another poll, published by Ipsos Hong Kong for Japan's Ministry of Foreign Affairs in 2014, analyzes ASEAN's opinions of Japan; over 90 per cent indicated that they had a favorable view of Japan, and only 4 per cent thought that Japan was

[21] All information in this paragraph is taken from the chapter "The Origins of Public Mobilization" in Reilly (2012).

"warlike", suggesting that the historical memory of the Japanese occupation was not strong. Data on Chinese attitudes towards the Philippines and Vietnam will be presented later in this chapter.

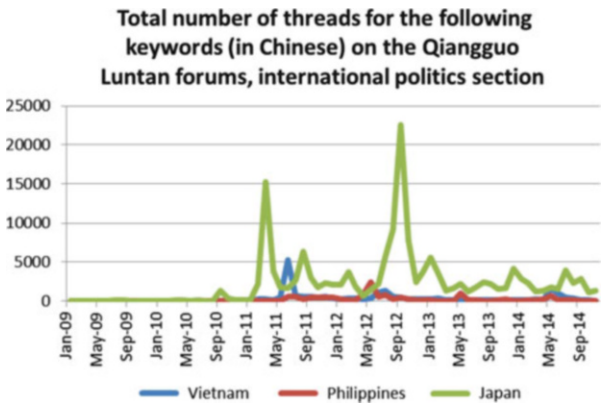
Therefore, there exists in China a markedly strong form of popular anti-Japanese sentiment that does not exist in the China-Southeast Asian dynamic. This can probably address the question as to why there have been street protests over the Diaoyu/Senkaku Islands dispute, but not over the Spratly Islands. In 2010, when the Japanese coast guard arrested a Chinese boat captain in the waters surrounding the Diaoyu/Senkakus and turned him over to the Japanese legal system for prosecution, massive protests erupted throughout China. The Chinese government placed pressure on Japan, suspending all high-level dialogue, summoning the Japanese ambassador to Beijing multiple times, and suspending exports of rare-earth minerals, until Japan released the captain. In 2012, when the Japanese government bought over the islands from their private owners, massive protests once again erupted throughout China. These protests are not about the territorial disputes in and of themselves, but tap into deeper sentiments in China regarding Japan. In 2005, when large-scale anti-Japanese protests erupted throughout China, not in reaction to Sino-Japanese maritime territorial disputes, but rather in response to the issuing of a new set of Japanese history textbooks that glossed over Japan's abuses in China during the Second World War. The public anger that has been seen in China over the Diaoyu/Senkaku Islands disputes can be seen in light of these 2005 protests; they go beyond the territorial disputes and become a manifestation of a much deeper historical animosity towards Japan.

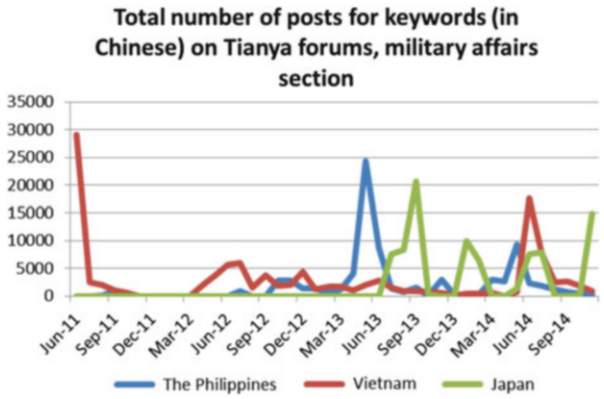
Some indication of this trend can be gleaned from looking at Chinese online Internet forums, where ordinary Chinese netizens post their views on contemporary issues. Although the forums are monitored and censored, they serve as one window into public opinion that is both easily available and quantifiable. In compiling these figures, I made the assumption that the number of posts about "Japan" and the "Philippines" was equivalent to the amount of public discourse on these particular countries. It is true that the number of posts on these Chinese discussion posts can be interpreted in several ways. For example, it may be possible that a higher number of posts could reflect some sort of disagreement about a particular topic, while a smaller number of posts could conversely reflect a general agreement about the issue at hand. Alternatively, a larger number of posts could reflect a general agreement about a particular topic, as people will jump on a topic in agreement. Therefore, there is a distinct possibility that the number of comments on the "Philippines" or "Japan" could reflect a more complicated scenario than would be expected at first glance.

There are two ways to resolve this issue. Firstly, the results must not be interpreted in isolation; they must be placed in the context of the historical circumstances surrounding China's relations with the Philippines, Vietnam and Japan. As the above descriptions demonstrate, the "historical baggage" in China's relations with Japan vastly outweighs that between China and the Philippines and Vietnam. Therefore, if we see differing numbers of posts related to Sino-Japanese relations, as compared to those related with Sino-Philippine and Sino-Vietnamese relations,

we can note a correlation with the level of seriousness that the "history issue" plays in their relations. Secondly, reading through some of the posts to do with the Philippines, Japan and Vietnam during the spikes, we get the impression was that the latter hypothesis was more accurate. During periods where the number of comments is high, the sentiment on Chinese discussion forums towards these particular countries is unanimous. When it comes to a "hot-button" nationalist issue such as the South or East China Sea crises, individual posters tend to jump on the bandwagon, turning it into a self-fulfilling cycle of agreement.

This anecdotal method of determining the "tone" of the South China Sea crisis is, granted, not the most methodologically rigorous. However, each keyword search yields thousands, or even tens of thousands, of results, and to do a media analysis on these thousands results would require a much larger, in-depth study. For the purposes of this chapter, there is sufficient anecdotal evidence to suggest that the number of posts on these discussion boards is a reasonable proxy for Chinese nationalist sentiment towards these countries. The charts below are derived from quantifying the number of posts made on several online forums. The first shows the results from the data analysis of the "Qiangguo Luntan" (Strengthen the Nation) forum, which is run by the People's Daily. The second shows the results from a similar analysis from the "Tianya Luntan" forum. The former was chosen because the People's Daily is often seen as representing Chinese government policy, and the latter because it is commercially owned and run, although its content is still likely regulated. Admittedly, discussion forums would not necessarily be the best proxy for Chinese public opinion; a lot of the Chinese public debate has migrated in recent years to new mobile-based applications such as WeChat/Weixin, where articles and comments are shared from person to person or in small, private chatrooms. However, doing a data analysis of WeChat would be difficult for this limited study, and the use of these discussion forums would be the next-best proxy.





We must first assume that the number of posts on discussion forums is reflective of how large these countries loom in the Chinese public consciousness. From the Qiangguo Luntan forum analysis, China's relations with Japan loom larger than its relations with the Philippines among Chinese netizens, for precisely the reasons mentioned above. These results are far from perfect, as I had to use the keywords "Japan" and the "Philippines" as a proxy for the more specific disputes such as "Diaoyu Islands" and "South China Sea". Possibly due to media controls, it was difficult to obtain results for the latter set of keywords as opposed to the former. Nevertheless, the results from the data analyses demonstrate that on the Qiangguo Luntan forums, there is in general more chatter about Japan than the Philippines or Vietnam, and that this chatter spikes whenever there is a particularly tense incident in either the East or South China Seas; nevertheless, the spikes for Japan tend to be higher than the Philippines. For example, in the Qiangguo Luntan analysis, the largest spike for Japan was in September 2012, coinciding with the anti-Japanese protests in China during that month. Meanwhile, during the Scarborough Shoal standoff in May 2012, there was a similar spike in nationalist sentiment. Intriguingly, another spike was in March 2011, in the aftermath of the Tohoku Earthquake. Reading through the posts around that time, though, there was little in the way of nationalist sentiment animating this trend, and can therefore be taken as an anomaly. Still, the incident demonstrates the close attention that the posters on the forum pay to Japan in general, as opposed to the Philippines. Typhoon Haiyan, a natural disaster that hit the Philippines in November 2013, barely registered on the Qiangguo Luntan forums.

The results from the Tianya forums were more irregular. Firstly, the search results for Vietnam and the Philippines did not stretch back before March 2010 and June 2010 respectively, and there were stretches of time when there were zero results for these searchwords. Secondly, the results for Japan were anomalous. For example, in 2012, the search yielded zero results, despite the outbreak of anti-Japanese protests in China. However, instead of concluding that nationalist feelings towards Japan were low during that period, it would actually be more feasible to conclude the opposite; namely that nationalist anger against Japan was so high, that

it was deemed a good idea to completely stop all discussion on such sensitive discussions on the forum. This was especially since Tianya is a public forum without the tight control of the central media authorities, meaning that it was probably harder to control the direction of the discussions. Much of this, of course, is speculation, as without access to sources within Tianya, it would be difficult to make a conclusive statement as to why the results are such. However, if true, it would hint that anti-Japanese sentiment is much higher than the raw results show.

What these chatroom analyses therefore suggest is that in the period under question, Japan looms larger in the consciousness of Chinese netizens posting on nationalist topics than the Philippines. This hints at the fundamentally different nature of the role of popular nationalism in Sino-Southeast Asian tensions, as opposed to the Sino-Japanese animosity.

8.5 Nationalism and the Future of the South China Sea Conflict

The South China Sea dispute therefore has its differences with the Diaoyu/Senkaku Islands dispute: the former, despite the official and media rhetoric coming from China, is actually far less emotive than the latter due to the lack of the "history issue" with Japan, which has deep historical roots in China and which has been used by the Chinese government in order to support its legitimacy. However, this is not to say that nationalism does not play any role in the unfolding of the South China Sea conflict. The broad literature on the roots and the effects of Chinese nationalism indicates that the Chinese government is responsive to Chinese nationalist sentiment more broadly. The feelings of encirclement and the belief that the South China Sea islands were wrongly taken from China are both very strong, particularly in light of China's history of foreign invasion, and these have been reinforced by media channels, both official and unofficial. Chinese nationalist feeling over the South China Sea will continue to play a role in shaping China's domestic responses to the South China Sea dispute, although not as strongly as in the case of Japan.

If these popular nationalist feelings continue to harden, the South China Sea conflict may become more intractable. The idea that the Spratly Islands belong to China has been embedded deeply into the public's consciousness. This leads to a vicious circle; as this idea is further embedded in the public psyche, the government, in order to respond to the public's sense of national pride, will have to continue taking a harder stance on the South China Sea, which again feeds into Chinese nationalist sentiment. As in the case of anti-Japanese nationalist, this growing nationalism over the South China Sea may act as a double-edged sword. On the one hand, the Chinese government may use this sentiment as a tool during negotiations with the other claimant countries, and by taking a tough approach to the South China Sea, it would win popular support and increase its domestic legitimacy. On the other hand, if the government offers concessions or takes a softer stance on the South China Sea issue, it may lose popular support, which

would be a blow to its popular legitimacy. This is compounded by the fact that the Chinese government itself is likely guided by a sense of nationalism. There is evidence that it may have internalized the Westphalian idea of the nation state, and will interpret what it perceives to be the United States' encirclement of China through a nationalist lens. The intersection of popular opinions of foreigners occupying China's territory and geopolitical worries about Chinese encirclement therefore forms a potent combination when projected onto the South China Sea.

Nevertheless, it is not in the interest of the Chinese government to be locked into a position where it loses much room for maneuver. In the South China Sea, it would serve China's economic and political interests better if the maritime disputes in the sea were not a cause of tension between China and its neighbors. By removing this point of tension, China would be able to guarantee a peaceful regional environment, which would ultimately contribute to China's security. Furthermore, China and the countries of Southeast Asia have managed to successfully separate the South China Sea conflict from other aspects of their relationship, most notably their economic ties. This might become far more difficult to do if the South China Sea dispute was to worsen. The Chinese government needs to ensure that it retains the popular support of the broader public on this issue, while not allowing itself to be dictated by public emotion. This, though, should be far easier for the case of the South China Sea than of the Diaoyu/Senkaku islands, as the former simply does not have the level of emotive power that the latter does over China's nationalist narrative.

China has some leeway with regards to its ability to handle these nationalist feelings over the South China Sea, especially when compared with the East China Sea dispute. This is especially because China has some advantages in controlling the discourse on the South China Sea conflict. Firstly and most importantly, unlike in the case of Japan, the lack of "history issues" means that there is little deep-seated public resentment against the Southeast Asian countries as compared to Japan. It is highly telling that there have been no large-scale public demonstrations over the South China Sea in China, as opposed to those that broke out over the Diaoyu/Senkaku Islands. Secondly, the Chinese government does not need to worry about elections. This means that, short of large-scale public disorder that threaten massive domestic upheaval, public opinion cannot exert direct influence over the government's decisions, giving the government some leeway to pursue policies that it deems to be in the national interests that may not necessarily be popular. Thirdly, the government exerts a strong degree of control over the media. Although China may not be able to completely control public opinion, it is still able to use the media to shape public discourse to a large degree.

Recently, China has initiated a raft of initiatives, ranging from the Maritime Silk Road to the Diamond Decade of Cooperation with China to the 2015 Year of Maritime Cooperation, in an effort to improve China's ties with ASEAN in the aftermath of the South China Sea disputes. It is likely that China is serious about maintaining stable ties with its maritime neighbors, but growing nationalism over the South China Sea conflict would contradict these measures. China has to balance between satisfying feelings of popular nationalism in order to bolster national unity on the one hand, and de-emphasizing these regional disputes in order to secure a

stable regional environment on the other. However, this is not as impossible a task as would otherwise be assumed, given that popular nationalist feeling over the South China Sea conflict does not occupy as emotive a position in the Chinese nationalist narrative as would otherwise be expected, unlike the case of Japan.

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Chapter 9
Contradiction of Strategic Goals as a Major Constrain of Chinese Power in the South China Sea

Richard Q. Turcsányi

9.1 Introduction

Power is a basic category of political science, international relations and related disciplines and is often revoked during analyses, even more so when talking about Indo-Pacific dynamics. While we often hear about rising China, declining US, stagnating Japan or balance of power in general, we rarely see clarification of how these apparent power changes come into being, how they are observed, measured or deducted. International politics is traditionally understood in terms of power relations, thanks to the predominant realist tradition within the discipline, which in fact can be at least partly blamed for this non-explicit dealing with power. Yet, besides realist approaches, different notions and conceptualizations of power exist and they can and do at times provide insightful understanding of reality. The theoretical starting point of power analysis influences greatly how we see power

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relations in practice. These can be manifested in the literature in disagreements whether it is possible that China is rising[1] yet the US is not declining,[2] whether China is *fragile* (Shirk 2007) or *partial* (Shambaugh 2013) power, or even when (or if) it would rule the world (Jacques 2012).

Indo-Pacific is a regional complex encompassing some of the biggest, most powerful and fastest growing countries in the world. With the rapid changes this region has witnessed in previous decades, it is apparent that what causes the disagreement between authors is their understanding of power and consequently how they see its distribution, followed by related practical political implications. Power in twenty-first century is perhaps more complex than in the nineteenth, and the Indo-Pacific region presents an interesting mixture of traditional and modern understanding of power. It might be a paradox that while on one hand the countries in the region are some of the greatest defenders of the notion of the national sovereignty which naturally leads to an important role of the military; rapid rise of their economic might and regional and global interdependence make, at the same time, military means a less viable option. Not just this, development of international organizations creates institutional structure which poses significant influence over abilities of states to achieve their goals and even create and modify these goals. Not to be forgotten, the globalization-fuelled rise of societal contacts and transfer of ideas play increasingly important role which may limit but also facilitate governments' abilities to act.

The solid concept of power is much needed to avoid confusion and the presented chapter attempts to contribute to our understanding of power relations in the region by looking specifically at China and its strategies in the South China Sea with an explicit concept of power in mind. For that purpose this chapter will begin with a conceptual discussion and it will show that for analyzing power of a country it is necessary to take into account its intentions and compare them with achieved outcomes, while at the same time keeping in mind the relative nature of power with regards to other actors of the system.

The main issue this chapter is addressing is what the multidimensional concept of power can tell us about Chinese strategy in the SCS. The approach of this chapter will, firstly, allow us to establish whether China has been successful in achieving its goals, as measured by the strategic intentions, compared with the situational outcomes. Secondly, an interpretation of how these goals have been achieved (or alternatively not achieved) will be presented and it will be discussed why it has been so, measured by outcomes compared with the sources of power. The chapter will conclude with a discussion of what strategies of employing sources of power we can expect China to take in order to reach its goals in the future.

[1] A simple search for "China rising" at Amazon generates at least dozen of titles, including those of David Kang (2007), Yong Deng and Fei-Ling Wang (2004), Jan Wilem Blankert (2009), and Goodman and Segal (2013).

[2] The idea about the decline of the US is questioned, although with varying rationalization, for example by Joseph Nye (2010), Michael Cox (2012) or Robert Kagan (2012)—and explicitly rejected by President Obama (2012).

9.2 Conceptualization and Operationalization of Power in International Relations

Power will be understood throughout this chapter as *an ability (of an actor) to achieve and/or sustain a desired situation*. This is identical or almost identical wording as used by a number of authors including Rosabeth Moss Kanter (1977, p. 166), Salancik and Pfeffer (1977, p. 3), Martin Luther King Jr. (1967), Zygmunt Bauman (2011, p. 101), Morriss (2002, p. 282) and others. 'Power' does not equal 'sources of power' or the 'exercise of power', rather, it can be viewed as a middle category between the two—an actor needs to possess some sources to have the power (ability) and needs to have ability (power) to be able to exercise it.

According to Peter Morriss (2002), an analytical philosopher, power should not be equaled with other terms, such as 'influence' or 'control', as for example Baldwin (1979, pp. 162–163) does. Power shares some of its characteristics with 'influence', but not all of them, and it is exactly these different meanings which can shed more light on what the specific characteristics of power are. Morriss (2002, p. 280, pp. 292–296) thus reminds us, that power is linked with an intentional *effect* on a state of affairs, when an actor performing power can choose whether to exercise it or not. On the other hand, 'influence' simply says that someone (or something) *affects* another object in a way. Therefore, as Morriss very well demonstrates, besides ability, power is connected to terms such as intentions, (possibility or choice of) effect and state of affairs.

Steven Lukes (1974/2005) is perhaps the most well-known among authors claiming that power can be exercised also in unintentional way. After criticizing the behaviorist traditions of understanding of power as too narrow and classifying them as the first and second dimensions, Lukes moves on to present his third dimension of power, in what will have become a traditional multidimensional understanding of power. Among other ideas he presents, he talks about real or objective interests, covert/latent conflicts, manipulation, inducement, encouragement or persuasion (Lukes 2005, p. 29, 36) which he sees as typical instruments of his third dimension of power.

A position of this chapter is that we cannot talk about power when an actor influences someone or something without knowing it. If an actor has ability to do something it does not want to do, it makes no sense to call this actor 'powerful' (although he might be called 'influential' in this case). On the other hand, discussion about actual and hidden benefits of desired goals is misplaced. There is no objective analytical method how actual benefits can be measured. Furthermore, introducing diverse time horizons might completely change the picture when different things might be considered beneficial in short term and long term. Eventually, actors often strive for goals which are regarded by many as illogical or even detrimental for them. Yet, it still allows for discussing about ability—i.e. the power—of the actor to achieve these goals. From this perspective, power is really a connecting link of how to get from a certain plan to the actual outcome, without judging the qualities of the envisioned outcome.

From the perspective of Morriss, the Lukes' understanding of unintentional power would fall into the category of 'influence' and 'affect'. The view adopted here is that power is not just an abstract ability, but it is ability to *willingly* achieve something. Connecting power neatly with the intention/purpose/goal is therefore a stepping stone of this analysis and it would be in line with authors such as Martha Finnemore and Judith Goldstein (2013, p. 16), who claim that "power is a glue that connects interests and ideational factors with policy outcomes"; or Paul D'Anieri (2014) whose introductory book into international relations bears a subtitle "*Power and Purpose in Global Affairs*", and who suggests (and repeatedly notes) that purpose needs to be taken into account together with power, which is something realists have often forgot and merged the two into a single category (see e.g. D'Anieri 2014, p. 88).

There is another issue Lukes brings about and it is a potential influence of the structure. The influence of systemic, or structural, level at actors of international politics has been a hugely discussed issue within political science and sociology, stemming in fact directly from the 'structure versus agency' debate, and it can be naturally approached from many perspectives. Marxism traditionally stresses the influence of structure (originally understood in material economic terms) over individuals/states. Very influential Italian neo-Marxist thinker Antonio Gramsci (1971) presented his concept of (cultural) hegemony, i.e. the effective control of a ruling system (class) over population via ideational means. Immanuel Wallerstein (1974, 1980, 1989, 2011) presented an account of the influence of systemic factors in world history, understanding states as mere agents of wider systemic factors, in this case of capitalist world economy. On a different note, Kenneth Waltz (1979), the founder of neorealism (also called structural realism), came up with a thesis about how the distribution of power among states creates certain structure which then pose significant influence on states and their behavior. An author who developed and also named the concept of structural power was Susan Strange (1994), who talked about ability to shape security, production, finance and knowledge institutions to serve some particular goals. It is the position of this text that structural level does pose an influence on states' and their abilities to act, yet it will be left aside to what extent this influence goes and thus we will not take a side in the 'agency versus structure' debate.

Yet another issue criticized by Lukes is the problem of behaviorist approaches, particularly difficulty of observing non-events/non-decisions. This was firstly presented by Bachrach and Baratz (cited in Lukes 2005, pp. 20–25), who suggested the so-called 'second face of power', in addition to original model proposed by Dahl and his followers which emphasizes observable effects of power. In fact, the definition proposed at the beginning of this chapter and in general the approach taken here might be criticized exactly from the perspective of being too positivist, or pluralist as Lukes would say. However, taking into account intentions as a crucial non-removable factor of power should significantly improve our ability to observe not only events, but also non-events as we should have much clearer idea about what to look for.

Making a step back towards Morriss (2002) and looking at the issue of effecting state of affairs versus affecting someone, this chapter will subscribe to the view that power should not be narrowed down only to situations when an actor A can make an actor B do something he would otherwise not do, as defined famously by A. Dahl (1957, 1961). While this strictly relative conception of power between two actors clearly falls into the scope of power, ability of an actor may be also defined in other relations than with another actor. Broadening the scope of power from simple relation between actors A and B, will take into account also situations when actor A is simply able to do something, not necessarily regarding other actors. These two "types" of power are called by Mark Haugaard (2012) as "power over" and "power to". The approach of this chapter can be likened to the latter, yet at the same time, it is suggested that the former might be in fact considered a part of the broader group of 'power to'. It should be also noted, that the two types of power might not be conflicting, as Pamela Pansardi (2012) shows.

Moving towards the final theoretical aspect of the concept of power, Michel Foucault (2002) asserts that power is a 'fluid' quality and it cannot be held, it can only be exercised. Peter Morriss (2002, p. 282) would probably disagree, for he writes that power is a *possession* of certain ability. Morriss (2002, p. 284) presents an example of a whisky bottle, which can (has power to) intoxicate. The bottle *seemingly* possesses the power, as Morriss would say. However, this ability might depend on who actually drinks it. A person, who has never drunk alcohol, might be drunk after two glasses, while experienced drinker can finish a bottle and still stand. Applying this logic, it really seems it cannot be clearly established whether the whisky bottle can or cannot intoxicate; it depends on circumstances. While we can have reasonable guesses about its abilities, it can only be established it could do something after it actually did it. At the same time, perhaps ironically, ability to do something and the actual doing something must not be equalized, as Morriss (2002, pp. 284–286) correctly notes.

Therefore, it is the position of this chapter that power cannot be objectively and effectively measured and quantified, not for our technical inability but for the inherent nature of the concept. Power is a fluid ability which existence can be fully confirmed only after it was exercised. In this situation, analysts of power are left with two options of how to assess power. There is an option of measuring and analyzing *sources* of power at the beginning of the process (*ex ante*), and there is an option of observing prevailed state of affairs at the end (*ex post*). While it cannot be established exactly what an actual power of a country is before the game takes place, observing situational outcomes and comparing them with the sources of power allows for discussing relative importance of various sources of power with regards of the prevailed effects. In both cases, intentions of an actor play crucial role as they allow for identifying both relevant sources of power and evaluating of successes/failures of the outcomes, including non-events. The presented text is applying this approach on the Chinese policy towards the South China Sea issue and it presents a brief (due to space constrain) but complex analyzes of its multidimensional power position there, while taking into account its national and international contexts.

In order to analyze power of a country and looking for relevant sources of power, David Baldwin (1979) gives an influential starting point when he emphasizes that power is situational-specific ability, meaning, that 'having' power in one situation might not mean having it another. Baldwin also discusses the problem that political power indeed misses such easily transformable vehicle as economic power—money. He goes on to discuss roles of various sources of power and he suggests that while some sources might be useful to achieve certain goals, they might be useless—or even detrimental—for achieving other goals. This understanding of power clearly explains what the so-called "paradox of unrealized power" is all about. The 'powerful' country in fact did not have the situational-specific power to achieve a certain goal vis-à-vis 'powerless' country—hence the labels of 'powerful' and 'powerless' were applied incorrectly at the first place.

Can then power of countries be compared? Technically speaking, power of countries can only be compared with regards of the same policy goal, or better, it can be compared for any thinkable situation (game) and might produce different results for each. That is why intentions play such a crucial role for power analysis, for without taking into account what actors want to achieve we are left with potentially overwhelming number of potential situations. With this in mind, when casually discussing whether China or the US is 'more powerful', it is often believed that they want to achieve the same thing—for example a hegemony over the East Asian region or the whole world. If that is the case, then increase of power of China is the same as decrease of power of the US. No matter what qualities make China more powerful, if considering a goal which is presumably shared among the two, any increase/decrease of ability of one to achieve the goal equals relevant shift in other direction for another one.

However, in content with David Baldwin (1979), each intention may require different sets of sources of power and, in content with Foucault (2002) and his fluid concept, we can never be sure before an interaction whether an actor will have the power to achieve a goal or not. This effectively disallows a researcher to say clearly how much power a country might at the certain time have. Yet, as also Baldwin acknowledges, we can apply 'common sense' and expect what factors might constitute sources of power in various most likely political situations.[3]

In order to cover power in all its complexity, three analytical levels will be considered in this text in general, adding one more to original two of David Singer (1961)—government/state level; societal level; and systemic level. The government level will be treated as the 'basic' one, with the systemic and societal levels serving primarily as either facilitating or limiting states' abilities. Therefore, this will be primarily a state-centric approach, where it will consider governments as the main international actors capable of relevant actions, yet being under permanent influence from societal domestic actors and structural composition. It should be

[3] The general usefulness of 'common sense' when dealing with power of countries acknowledges also Yan Xuetong (2006).

noted, that this state-centric approach does not preclude a situation that societal or structural sources of power might actually prevail in certain situations.

At the government/state level, military and economic sources are what Barnett and Duvall (2005) call compulsory power, and they are often regarded as the most common sources of power. It should be noted that many authors divide them into the first and second 'dimensions' (e.g. Lukes 2005; Berenskoetter 2007), or direct and persuasive power (Nye 2007). A number of other sources of power can be considered at the state level—such as the demographic, geographic, ideological, cultural and possibly other factors.

At the societal level, two types of sources can be considered among others. The perceptions of a country's population of other countries [see also Nye (1990, 2005) and his concept of soft power and Lukes (2005) and his third dimension of power], and the level of support (legitimacy) a government enjoys among own population are the two factors regarded as sources of power at this level.

Finally, at the systemic level, three types of sources of power can be taken into account. Institutional setting expresses a position of a country within the formal institutional organizational structure, thus the membership and specific positions in both global and regional platforms will be included here. This is something which some authors call agenda-setting (Berenskoetter 2007; Lukes 2005). Geopolitical position is a power source, in this understanding, which is perhaps the least possible to measure and most prone to analyses and perceptions. In fact, this might be by many considered the systemic/structural influence. Its special characteristic should be acknowledged—the international structure is a product of (state) actors, therefore, every change in the actors' abilities, goals and perceptions leads to adjustments in the structure. Yet the very structure itself also influences states and presents them clear limits—or facilitates some of their intentions. Last, but not least, international economic position, represented chiefly by trade, investment and currency relations, is the last source of power considered here. The crucial categories here are sensitivity and vulnerability (Keohane and Nye 1977).

9.3 Chinese Strategic Intentions in the South China Sea

As was demonstrated in the previous theoretical part, while this chapter attempts to answer the question of Chinese power with regards of South China Sea, it must start with the question of Chinese intentions—both general ones and those specific or derived in the South China Sea—as without knowing what China really wants to achieve it is not possible to establish what are the relevant sources of power and what counts for successes/failures. A good starting point to understand Chinese overall strategic intentions is the text authored by the former state councilor Dai Bingguo (2010) who presents a thorough definition of three 'core' interests of China consisting of preserving state system and leadership of the CCP; sustainable development of the economy and society; and territorial integrity and national sovereignty. It will be argued here, that these three points are not equal and the

comprehension of their mutual relations is crucial for our understanding of Chinese policies and its ability to achieve goals.

First of all, China being an authoritative single party state, it is reasonable to expect that the prime interest of its leadership is the regime security (see e.g. Reilly 2012; Weiss 2014)—the first of the Dai's core interests. In China the government's rule depends on legitimacy it enjoys among people, rather than on election results. While it does not have to make sure that a majority of people would be content with it among any other choice, it must make sure there is no solid interest group who would be willing and capable to endanger its position. As the matter of fact, the legitimacy party enjoys among people depends, simply speaking, on material and non-material satisfaction of people (Shirk 2007, pp. 6–9; Holbig and Gilley 2010, p. 27).

Material satisfaction of people means providing for economic development, the second of the Dai's core interests. Chinese economy has been doing pretty well in previous decades and is often named as one of the crucial reasons why Chinese communist party escaped the fate of its comrades in other parts of the world. The difference is that the Chinese communists reformed their economy and opened it up to the world to such an extent, that China now trades far more of its GDP (in percentage) than the US for example (World Bank 2015a). China has become an integral part of the world economic system, but it has also become hugely dependent on it. Its economy is now far more sensitive to outside development than it was decades ago when it valued self-dependency above economic development. It now has to import critical commodities for its economy, including significant portion of its energy demand, to simply fuel the needs. On the other side, it also has to export its final production for its growth has been vastly dependent on foreign demand. To sustain this kind of economy, stable international environment and working relations with economic partners is an absolute must (He 2009; Nathan and Scobell 2012).

Looking at the second "ingredient" of Chinese government legitimacy, the non-material satisfaction of people, it has been sufficiently documented that the traditional role of communist ideology decreased substantially in the previous decades and nationalism is widely regarded to fill the gap (Wang 2012). Nationalism (or patriotism) and the perception that the current Chinese government is successful in representing of Chinese nation has become the key ingredient of ideational support, demonstrated among others also by the Xi Jinping's 'Chinese dream' (see also Xi 2014). For this reason, the third of the Dai Bingguo's core interest—national sovereignty and territorial integrity—is in fact a key ingredient in winning the legitimacy among increasingly nationalist people, who want to see Chinese government working towards final 'reunification' of China, especially in the situation when the government does not administer all the territories it claims.

The South China Sea plays a critical role for China and applying the Dai's three core interests the calculus Chinese government is facing there can be understood well. From the perspective of preserving the territorial integrity, the SCS is one of the regions outside the government's control, which it has constantly claimed ever since its establishment. The China's claim here is based and expressed in a well-

known nine-dashed line, which encircles most parts of the sea and all the land features including Spratley and Paracel Archipelagos (Wu 2013). Therefore, in question here is, primarily, the sovereignty over land features and, secondly, the right to use the resources of its adjunct waters.

The land features in the SCS has been generally thought to pose little significance beyond their symbolic value (Hayton 2014).[4] Only consequently, the acknowledged jurisdiction will also allow its owner to use the resources in its vicinity. The scope of waters which could be claimed as extensive economic zones (EEZ) and even possibly extended continental shelves (ECS) is unclear, yet under the light of the recent decision of ICJ in case Columbia v. Nicaragua it seems that even genuine 'islands' are not capable of generating EEZ, let alone uninhabited rocks incapable of substantiating permanent human settlement, which is the most fitting description to the vast majority of SCS features (Rothwell 2013).

The SCS itself is believed to contain reserves of crude oil and natural gas. Much of it yet unconfirmed, especially in the contested areas, it remains an open question of how much oil and gas the sea really contains and how much of it would be commercially exploitable. Estimates vary widely, from very optimistic Chinese assessment of 100 billion to 200 billion barrels of oil (and labels of 'New Persian Gulf'), to some US and Russian estimates citing mere 1.6 billion to 1.8 billion barrels of oil (Storey 2012). According to the U.S. Energy Information Administration (2013), the SCS is a *potential* source of hydrocarbon resources and it estimates that the sea contains about 11 billion barrels of oil and 190 million cubic feet of natural gas of proved and probable reserves, mostly residing in the uncontested areas.

Other commodities which the SCS offers are an abundant stock of fish, consisting of as much as 10 % of the world's fish catch, and possibly other minerals. While all these might be important for the countries involved, and especially for some of its intra-state agencies such as regional governments, state-corporations, and like, it is a view taken here that its importance is secondary to the symbolic value of both controlling the territory (land features) and the *principle* of exploiting own resources, or—even better—not having own resources 'stolen'.

The connection of the SCS and core interest approach of China has been obvious especially since 2010, when there were reports about Chinese diplomats applying the term directly to the SCS, something which has been traditionally reserved for Taiwan, Tibet and Xinjiang (see Swaine 2011, pp. 3–5). Research findings of Andrew Chubb (2014) show that more than half of Chinese citizens in bigger cities express high level of attention in the case of SCS—more than half of the respondents see island issues as among top five most important problems facing China, which is higher score than for example the unification with Taiwan, or continued economic development (Chubb 2014, pp. 24–25). While almost all respondents of

[4] This might be changing recently with China building up artificial features around the natural pieces of territory, as will be discussed in the next section.

the Chubb's survey reported confidence in China's claim and linked the territorial issues in the SCS to the experience of national humiliation, one of the two least supported policies was sending in troops—46 %, or about 30 % in case of expected negative economic impact. On the other hand, compromise through negotiation with opponent countries gained about 57 % and possible UN mediation more than 60 %. Similar share of Chinese public favoring both military solution (37 %) and some kind of compromise (59 %) was reported by Global Times (2010).

These preferences might generate some optimism, yet we should be cautious to interpret them as that there would be no significant pressure from the public towards government to be more belligerent, as both author of the research and Eric Fish (2014) in his commentary seem to suggest. As was explained earlier, Chinese government's rule does not depend on preserving satisfaction among majority of its population; it depends on avoiding formation of a significant interest group which would attack its rule. Hence, a strong and loud, while still small, minority might be already a critical danger to the legitimacy of government and hence can pose more significant impact than silent vast majority of population (see also Shirk 2007).

One last finding of the cited research by Chubb (2014) which will be commented on here is that the people getting information from the TV and printed media are more likely to lean towards compromising with opponents and international mediation than those who get their information from on-line sources, such as Weibo or WeChat. This is notable because it questions the argument that Chinese government would be simply provoking nationalistic feelings among population. This is in line with assertions presented by authors such as Daniela Stockmann (2011a, b), Jessica Chen Weiss (2014) or James Reilly (2012) who show at different situations how Chinese government walks the fine line between allowing certain nationalistic reactions and employing various tactics to suppress them when needed.

Moving on to the core interest of providing economic development, the SCS plays perhaps even more prominent role for China than from the perspective of territorial integrity. In 2010, China imported 55 % of its oil consumption, while out of all its energy imports as much as 80 % passes SCS (Storey 2012, pp. 55–56). Indeed, it has been stated that a single day of breakage in energy imports via SCS might cause social unrests in the country (Cronin and Kaplan 2012, p. 12).[5] Of all

[5] This doomsday scenario is of course hard to confirm. While China is highly dependent on imports and especially those from the Middle East coming via South China Sea, causing so-called Malacca dilemma, it is questionable whether really a single day breakage could affect social stability in the country. While officially national secret, China keeps certain national reserves of oil and gas and in recent years it is expanding it by 2020 up to 90 days, which would be in compliance with the recommendation of the International Energy Association (2014). From this perspective it is unlikely, that the economy would be in shortage of energy supplies if the shipping lane experiences disruptions. On the other hand, China, unlike other countries, has never experienced energy supplies crisis and this might increase its psychological aversion towards such event. Therefore, dramatic market reactions could in fact take place and these on turn affecting Chinese domestic social situation.

traded goods, energy imports are the single most important items, and they make the lane vitally important for China.

No matter the fact that China has been trying to increase its direct control over the energy supplies, there is much evidence that the government is putting premium on the normal functioning of market, which require stable and peaceful international environment as pre-condition for China's development and hence for its national rejuvenation (see for example The State Council Information Office 2005, 2011; Nathan and Scobell 2012, Kissinger 2012). This effectively means that while strategically China might want to secure the shipping lines without relying on foreign countries doing the job, it is possibly even more interested to avoid situations in which foreign countries would consider disrupting China's supply lines.

From this perspective perhaps the most important stake for China in handling the disputes with Vietnam and the Philippines is simply not to cause the two countries—and even more so their bigger and more important friends—to be too worried and rush to form an anti-China coalition, which would significantly affect Chinese security and potentially also its economy. Vietnam and the Philippines themselves do not constitute equal partners for China in any other aspect than the 'negative' importance of potentially inflammable disputes (compare with Cáceres 2014; Kaplan 2014). Neither of the two belongs among China's top economic partners, with both consisting of roughly 1 % of China's exports and imports. Similarly in other aspects of economy, neither belongs among the top investment source of destination countries for China. There is hardly an economic asset in the two which China is vitally dependent on.

China's two goals in the SCS, as derived from its core interests, are to sustain domestic perception of the government defending country's interests and territorial integrity; and to prevent unfavorable perception of China as an aggressive country to develop internationally. It is important to note that it is the *perceptions* which count eventually for the Chinese government and the real development on the ground might somewhat differ, yet is unlikely to be entirely cut off from the perceptions of reality, both domestic and international.

To conclude, a graphic table based on the findings of this part of the text is presented. It shows the relations between the three core interests, what they depend on generally, and what strategic approaches support these directions. It can be seen, that the core interest of regime security actually depends on two other core interests, whose contradictory nature is well seen at the level of actual policies taken in the SCS (Fig. 9.1).

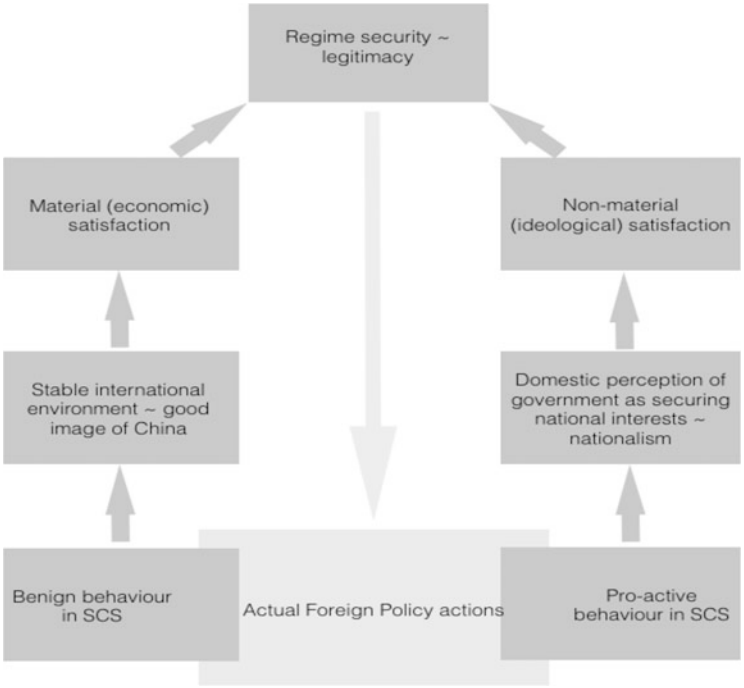


Fig. 9.1 Scheme of Chinese strategic intentions and policies

9.4 Chinese Policies and Situational Outcomes in the South China Sea

The previous section presented a crucial starting point for Chinese power analyzes with regards of South China Sea issue. Chinese intentions at various levels were presented and discussed, starting from the top core interest of regime security all the way down to the specific policy interests in the SCS. This section will employ similar approach to the previous one and it will discuss how successful China has been in reaching its goals at this levels.

Following the matrix of Chinese core interests, the most important situational outcome for China is that the Communist party is still in power and there are no apparent signs that its rule is today less secure than it was 10, 20 or 30 years ago. There are some interesting quantifiable data showing satisfaction rates of Chinese public with the government, which can be roughly likened to its legitimacy. According to Pew Research Center (2015) the rate of Chinese people saying they are overall satisfied with the way things are going in their country grew since 2002 level of 48–87 % in the year 2014. Even more people in China are satisfied with the economic situation in the country (89 %) and the confidence rate of Chinese president (92 %). These outcomes are the best from all the countries surveyed

and it is generally agreed that Chinese government enjoys, for some people surprisingly, high levels of legitimacy among its people (see also Tang et al. 2013; Saich 2012, 2014; Ross 2011; Jacques 2012). Furthermore, Tony Saich (2012) shows tables according to which the satisfaction rate with the government performance in China has been growing since 2003 until 2009 on each of the four examined levels of central, provincial, district and township governments. Interestingly, the closer the level is to the people, the lover the satisfaction rate. Hence, while central government has enjoyed satisfaction rate of 80–90 %, township satisfaction rate grew during the time from about 40 % to 60 %.

For the specific questions dealing with the SCS it might be again useful to look at the findings of Andrew Chubb (2014), which is a rare example of public survey in China asking about people's satisfaction with the government actions in the SCS. According to his research, most respondents are satisfied with the government's handling of the dispute, with only 7 % claiming that government failed (or was 'disastrous') in the SCS. The research also recognizes who are the dissatisfied people—most often urban high income residents, who are relatively attentive to the news and occasionally get it from internet. The more attention respondents paid to the issue, the more likely they were to give the government a positive rating. Those getting information about the issue from on-line sources tend to be more critical of government actions than those getting most information from the TV or print media.

Another interesting assertion is that while internationally Chinese actions are perceived as assertive, domestically Chinese government is often criticized for being 'soft' in foreign policy. While the prevailing sentiment published regularly in Chinese internet is relatively critical to the government, people do not seem to share this overwhelmingly critical assessment. However, all of the respondents who held strong dissatisfaction feelings towards government's handling of the dispute do so based on the perception of government being too weak, not the other way around. This is different to those holding positive views, where respondents praise government for their determination of safeguarding Chinese sovereignty and for avoiding confrontation (Chubb 2014, pp. 30–35).

It should be noted that it is difficult to differentiate in practice between the two sources of government legitimacy according to presented scheme—the material and non-material satisfaction. While some of the sources above ask explicitly questions linked to either economic or political performance, it is reasonable to expect that answers in fact mirror to a large extent the resulting interplay of the two. However, the overall high levels of satisfaction among Chinese people, especially towards the central government, seems to suggest that both of the legitimacy sources have been at reasonably high levels and growing. Looking purely at the economic performance of the country and without going into the depth, it is also important to keep in mind that the country has developed quickly and relatively smoothly during previous decades, although the GDP growth has been slowing down and currently is at about 7 % a year (World Bank 2015b). In general, it can be said that Chinese government has been quite successful domestically, measured by

its own standards, even though there are question marks about future development (see e.g. Samuelson 2015).

As for the international image of China we can see a decrease of positive image of China in most of the surveyed countries (see again Pew Research Center 2015). This is the case of the Philippines, when in the year 2002 63 % of respondents viewed China favorably, with only 48 % in 2013 and 38 % in 2014. The favorable rate of China in the US has been decreasing from the maximum of 56 % in 2006 to 35 % in 2014. Similar drops of favorable image of China can be witnessed in Germany, United Kingdom, France, and even in Brazil, Turkey or Canada. China has the least favorable image in Japan, where it fell to staggering 7 % in 2014 (from 55 % in 2002); and Vietnam 16 % (for which however other years are not available for comparison). In fact, there is hardly a country for which clear increase in favorable perception of China can be observed, and that includes also China's partners from the BRICS platform, for which at best stagnating rate is the case. South Korea might be the closest, when the favorable rate of China has been rising from the year 2010 level of 38 % up to 56 % in 2014. This is, nonetheless, still less than the rate in 2002—66 %. It seems fair to conclude that China's image in other countries in general decreased in the period 2002–2014 (see adjoined table for the numbers of discussed countries).

Opinion of China: "Do you have favorable or unfavorable views of China?" (% of respondents having favorable views, Pew Research Center 2015)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brazil									52	49	50	65	44
Canada				58		52		53				43	
France				58	60	47	28	41	41	51	40	42	47
Germany				46	56	34	26	29	30	34	29	28	28
India												35	31
Indonesia				73	62	65	58	59		58	67	70	66
Japan	55				27	29	14	26	26	34	15	5	7
Philippines	63											48	38
Russia	71			60	63	60	60	58	60	63	62	62	64
South Africa							37					48	45
South Korea	66					52	48	41	38			46	56
Turkey				40	33	25	24	16	20	18	22	27	21
UK				65	65	49	47	52	46	59	49	48	47
USA				43	52	42	39	50	49	51	40	37	35
Vietnam													16

While public opinion and its importance can be sometimes played down as irrelevant to the 'real' diplomacy and international politics, perceptions do play important roles. Obviously, in democratic systems there is a clear election mechanism through which the preferences of people are channeled towards the actual policies taken by governments, and while governments can at times differ at certain issues with the public opinion, it is not sustainable in the long run. Furthermore, perceptions, ideas and beliefs also influence governments in every political system directly when they can persuade officials about policy directions. In this light the

dynamics in relations between countries in the Indo-Pacific region can be likened to the development of the perceptions of China.

David Kang (2007) presented an outlook of the region, in which China is perceived as a benign power with the vivid and generally positive memories of the centuries of hierarchical Sino-centric order, in which China was dominant not by military standards, but economically, culturally and technologically. This image should according to Kang create incentives for other countries to bandwagon with China and thus share benefits rather than balance against it.

The positive view of Kang has been, however, hardly a consensus, even before the rise of Chinese (perceived) 'assertiveness' since 2008. Among many who have constantly regarded China and the US as 'natural' adversaries, the most well-known is John Mearsheimer (2001, 2006, 2010) and the theory of offensive realism of which he is an important proponent. As his ideas, approach and findings are well-known, a brief insight into other authors and theories will be offered. Liselotte Odgaard (2007) and her application of English school on the Asia-Pacific development and the relation of the US and China demonstrates well the point. Although she notes that China scaled down its criticism of the US regional order around the year 2000, this did not mean that China abandoned its goal of developing its own regional order which would exchange the US-led hegemony. In fact, as she wrote, China would depart from its cooperative policies once it felt they did not pay back. Kai He (2009) and his theory of institutional balancing also shows that while economically countries of the region are interdependent to a high extent and thus military options are most of the time off the table, they try to balance each other's influence by other means, in his understanding by various approaches towards international institutions. Looking at the countries most affected by China in the SCS, excellent insights into their strategic assessment were brought by Robert Kaplan in his recent book devoted to the geopolitics of SCS—*Asia's Cauldron* (2014). Kaplan shows well how deep anti-Chinese sentiments go in Vietnam, where a modern national identity is wrapped around the notion of struggling against China throughout ages. Tensions in the SCS are the last one from a long row of frontier disputes between the two countries. For the Philippines, on the other hand, the disputes with China are relatively new and indeed the Mischief Reef incident in 1995 came as a shock. Its very limited technical abilities and somewhat unstable nature of domestic political system make it very difficult for the country to organize a strong response, even when compared to Vietnam. This leaves the Philippines with the options of drumming up international support, starting from fellow ASEAN states, via its special treaty partner the US, up to the UN and an international mediation. Vietnam, on the other hand tries to use its sounder military abilities and balance its party to party relations with China with support from outside powers, counting without discrimination the US, Russia, Japan, India and others.

From these accounts it seems that China did not manage to completely get away with the critical looks and doubts about its intentions, even though it had taken more cooperative directions for about a decade prior to 2008 and its international image had been generally relatively positive. Hence the change in its policies afterwards

might have been perceived by some as simply natural. S. Mahmud Ali (2012) observes that after the first term of Obama administration, the region increasingly seemed to be organized into two adversary blocs. It is noteworthy that the US started its Asian Pivot (immediately) after the first signs of Chinese assertiveness in 2008 and it accelerated rather quickly with the decision to develop the new concept of Air Sea Battle in 2009 (see also Friedberg 2014).

Brief look at the development at the two types of activities in the SCS will be now offered—sovereignty issues consisting mainly of the occupation of land features, and exploitation-related issues comprising mainly of attempts to secure energy resources of the region. Keeping in mind findings from the previous parts of this chapter—mainly that it is double perception and not reality per se which is the most important for China—it might be interesting to see that relatively little has changed on the ground during last two decades. China was a late comer to the occupation race in the sea and it faced the situation of the most suitable land features being already controlled by its contenders. While it occupied parts of the Paracels in 1955 and got the whole archipelago under control in 1974, it moved to the Spratleys only in 1988. At that time most of the features were controlled by Taiwan, Vietnam, the Philippines and Malaysia, which led China to settle on a few tiny rocks in proximity to other countries' outposts. This tactic culminated in a violent clash with Vietnam, which cost 64 Vietnamese soldiers' lives (Hayton 2014). China moved on to occupy other feature in the SCS in late 1994, in which time it took for the first time a feature claimed by a country other than Vietnam. The Filipino discovery of Chinese outpost at Mischief Reef came as a big shock not only for the Philippines itself, but for the whole region, as it was for the first time when China confronted an ASEAN member and far from the Western edge of the sea where it had been mostly active before (Till 2009).

However, for the next decade and a half, China did not occupy any new feature and its behavior was generally constrained, which together with the reaction to the 1997 Asian financial crisis earned it relatively benign image around the region at the time. This, however, began to change after 2008. In 2012 China got under its control Scarborough Shoal after a protracted stand-off with the Philippines. That puts China with seven occupied features in Spratleys still behind Vietnam (21) and the Philippines (9), but ahead of Malaysia (5) and Taiwan (1) when it comes to the number of occupied features (Storey 2013, p. 23). In the newest development as of 2014, China started to build artificial islands, upgrade infrastructure and deploy new weaponry in the region, which has been heavily criticized by its opponents and labeled as a game changer by some (Torode 2015). It seems that China is finally getting upper hand in controlling the area.

This begs a question of to what extent it is strategic goals which drive China in its activities in the SCS. While until recently it was widely believed that relatively small military outposts do not significantly improve strategic position of any country and in the case of military confrontation would be impossible to defend (Hayton 2014), with significant upgrades made by China its bases might actually become valuable military assets. A number of solid outposts able to serve as airports and ports in the centre of the disputed area and close to major shipping

lines might reasonably improve Chinese military projection abilities (Page and Barner 2015). Besides, while artificial islands do not lay a base for sovereignty claims and EEZs, it may be difficult to distinguish between artificial and natural parts in the future. Furthermore, increasing quality of Chinese outposts might further improve negotiation position of China vis-à-vis other claimants who might succumb in the face of overwhelming prevalence of direct Chinese capabilities. There could be hardly a bigger gap in resources which China and the Philippines apply towards strengthening their claims by occupations.

As for the energy drilling activities, no dramatic change occurred—there is still no oil or gas being extracted from the disputed parts of the sea in commercial quantities (Hayton 2014).[6] Oil-related drilling activities and surveys commenced in the mid-2000s. At that time they were conducted jointly by China, Vietnam, and the Philippines. The surveys, however, were publicized and caused widespread criticism in the Philippines, where it got connected to corruption accusations of then government and served as further argument for allegedly selling out sovereignty. Thus in 2008 the agreement expired and since then the countries have conducted surveys on their own. With the time passing, they became increasingly antagonistic and on a number of occasions tried to prevent each other from cooperating with foreign oil companies and sabotaged others' exploration activities (Rogers 2012). This is especially the case of China, who was applying various tactic, starting with threatening of foreign companies with losing business contracts in China, over to physically harassing surveying projects, up to making own drillings (Hayton 2014).

Similarly as with the strategic utility of the occupied land features, however, it is questionable whether China actually believes that it might get a reasonable large amount of energy resources from the disputed parts of the sea. There are voices, that while the sea itself clearly contains commercially exploitable oil and gas, these are mostly focused in the territorial undisputed waters of littoral states (Hayton 2014). Kaplan (2014) further asserts that even if a reasonable amount of oil is really exploited by the littoral countries, this would barely change their overall energy security standing. For China, even if it was to exploit all of the resources in the disputed waters, it would still not suffice to get away from its dependency on supplies from the Middle East and elsewhere.

Chinese step of moving an oil rig Haiyang Shiyou 981 to waters southwest of Paracel Islands claimed also by Vietnam in 2014 is a good example of this dilemma. It is not clear whether China actually believed this could lead to a commercially viable project, or whether pure political and symbolic motivation were the driving forces. After initial location of the oil rig China defended it from Vietnam, only to eventually move it away 1 month ahead of a schedule, announcing that it already finished its tasks. It is unclear what were the motivating factors on the Chinese side to move the platform in and out; yet it seems that there were little commercial outcomes from the activity (Thayer 2014; Heydarian 2014). Interestingly, in

[6] There has been successful drilling from not-contested areas of the sea by all the involved actors including China, Vietnam, and the Philippines.

February 2015 China announced a discovery of a major gas field in the South China Sea which could yield more than 100 billion cubic feet of natural gas, allegedly according to conservative estimates (Parameswaran 2014).

Eventually, while China has not been able to get any oil from the disputed areas of the SCS so far, nor were other claimants and this might be already a small victory of China. Hayton (2014) brings on light cases in which China was entertaining pressure at the foreign companies doing business in energy sector in Vietnam and the Philippines not to go forward with their new drilling projects even in allegedly undisputed waters. Lack of clarity about the scope and nature of the nine-dashed line allows China to do so, and its vast potential economic opportunities might actually persuade some companies not to play hardball and surrender to China's demands, notwithstanding how (un)reasonable they might be.

9.5 Conclusion: A Way Out of Contradiction?

The goal of this chapter was to approach two main questions—whether China has been successful in pursuing its goals in the South China Sea (measured by China's own standards) and what strategies (sources of power) it has taken to do so. Initially, a theoretical discussion of the concept of power was provided. Importances of intentions, structural influences, non-events, relative nature, and fluidity of power have been emphasized among the characteristics of power to be kept in mind when analyzing power of a country. Consequently, Chinese intentions were discussed and the structure of interests of the Chinese government was presented, with the regime security on the top and material and non-material satisfactions of Chinese people as the main ingredients of legitimacy of the Party.[7] In the South China Sea, these strategic intentions transfer into securing the national sovereignty (in order to prevent nationalist criticism at home), and maintaining stable international environment (in order to prevent containment and unfavourable economic consequences). In the next part, the situational outcomes have been presented and compared with the Chinese intentions.

It can be asserted, that China has been to a large extent successful, as measured by its general intentions coming from the three core national interests defined by Dai Binnguo and their specific dispositions in the SCS—even though at the first sight little has change during the previous two decades when considering occupation of land features and drilling activities. Yet, the Communist Party has been able to stay in power and has enjoyed perhaps surprising level of legitimacy, measured

[7] In this chapter 'Chinese government' and the 'Party' were understood as synonymous term both meaning the top decision makers of China. From the perspective of the Chinese political system, it would most of the time apply to the Politburo Standing Committee. Due to dual nature of Chinese political system, most (if not all) highest politicians in China have more than one position and the Politburo members are also represented in various parts of the government and elsewhere, creating relatively centralized political machinery.

by satisfaction rate of the Chinese public. Economy has been also developing steadily (although its growth rate is slowing down recently) and there are no openly anti-China coalitions being formed internationally. On the other hand, the positive image of China has been decreasing and this fuels the intentions of countries in the region to hedge against China with moving further towards the US and other states willing and capable to provide security and economic alternatives. This seems to be a big challenge and in fact a major limitation for Chinese leaders and its abilities to act—how to be perceived domestically as a pro-active government willing and capable of defending national interests including the national reunification, protecting territorial sovereignty, and winning the status of great power in general; and how *not* to be perceived internationally as a threat and hence provoking balancing behavior and even containment.

Interestingly, the real development in the SCS seems to be somewhat diverging from the widely held perceptions. It was shown that China still does not occupy more land features than Vietnam and the Philippines, it did not occupy any new ones in the period of 1995–2012 and its behavior was quite cooperative in the period of 1998–2008. Yet, while there was a better image of China during this time—in some countries significantly, such as in Japan—there were always those raising doubts about the long term goals of China.

Trying to understand strategies China employed to reach its goals, we should look at the sources of power it possessed and used. Unfortunately, the scope of this chapter did not offer enough space to present a thorough analysis of the three levels of power sources as outlined in the theoretical part. However, supported with previous research, the author feels entitled to suggest that economy is the main driving force behind the successes of China. Domestically, economy is in itself one of the two main ingredients to fuel the legitimacy of the government. Internationally, there are both positive and negative potentials coming from growing economic might, yet in general China has been perceived as an opportunity rather than a threat in most countries of the world, including in its neighborhood. Moreover, China has moved to the international position where it cannot be simply ignored, both economically but increasingly also militarily. Indeed, even for the countries most threatened by China in the SCS—Vietnam and the Philippines—they are not willing (or able) to revert dynamic economic exchanges with China. The situation is the same for other countries in the region, who are not keen to contain China, but wants to benefit from its economic growth. Even actors with very different political values, such as the EU, US or Australia, do not limit economic cooperation with communist and authoritarian China.

As for the failures—here referred to mainly as the decrease of the positive image of China and subsequent hedging against China on the side of the countries in the region—it seems that the domestic factors of Chinese political system are to be blamed for creating the contradictory interests of territorial integrity and economic development, on which the regime security depends and which drive Chinese government into more increasingly adversary steps in the SCS. It is reasonable to expect that Chinese government will always give higher priority to the domestic public opinion than to the international one, simply for the differences in time-

frame of affect. While crisis in domestic public opinion would immediately bring an existential threat to the core interest of regime security; the crisis of international public opinion would need more time to cause a devastating effect on the regime security of the Chinese government—perhaps even in the most extreme case when it would lead to a military clash. Hence Chinese government might always want to choose to preserve favorable perception among its own people in the short term while caring more for international perception in the medium and longer term.

Having said that, and moving to the final issue of this chapter with touching on the future development, Chinese government would likely try to scale down the suggested contradiction. In the situation when neither of the contradictory goals can be simply abandoned, the second best option is to try to carefully mix between the two in the short term and attempt to transform it in the medium to long term. On one hand, domestically directing own society, it might consider developing a more 'healthy' version of nationalism and with regards of the South China Sea it could even attempt downgrading its perceived symbolic importance within the country—something which would be more difficult with the case of Japan and the East China Sea, where the connection to the very heart of the historic legitimacy and national memory is much closer. Soft power activities directed at foreign societies are another available tool; however, until recently China has not been very successful with the results of their application, especially in the developed world, as was also visible from the decreasing favorable rates in the presented surveys. Economically, certainly a more self-dependent model would be a good hedge, yet due to a lack of natural endowments (especially energy supplies), China will remain significantly more dependent on foreign trade than for example the US. However, what the Chinese government might realistically attempt to do is to develop such asymmetric dependencies with its economic partners—and especially the direct opponents in the region such as Vietnam and the Philippines—which would effectively make an option of standing against and sanctioning China prohibitively costly. Both of these countries are even now vastly dependent on China, and had this dependency continued to grow, possibly supported by (pro-)China lobbies gaining more influence within the countries and spreading Chinese 'soft power' or even propaganda messages, their ability to stand up vis-à-vis extending presence of China in the sea and balancing with the US and other external powers would be further decreasing.

At the end, from the perspective of Chinese intentions, endowment of the sources of power, and its position within the region, it is likely that China would continue in the 'assertive' direction in the sea. Meanwhile, it would try to decrease the effects of this real world development on the international perception and, at the same time, it would try to gain the most out of its pro-active policies at the level of domestic perception, which will be increasingly important with the slowing economy and growing number of middle class citizens. This 'widening gap' between the reality and the perception might be supported by growing economy might, institutional setting, lobbying, diplomacy, and 'soft power' initiatives of China. However, it is far from clear whether this will be successful in the future and whether indeed Vietnam, the Philippines and other countries will abandon their own assertiveness and accept Chinese terms of the game.

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Chapter 10
Steel Hulls and High-Stakes: Prospect Theory and China's Use of Military Force in the South China Sea

Evan Jones

10.1 Introduction

Tensions over maritime territorial disputes in the East and South China Seas are a recurring theme of East and Southeast Asian relations. Chinese leaders have twice called upon the People's Liberation Army Navy (PLAN) to defend perceived violations of their claims, once in 1974 against South Vietnam in the Paracel Islands and again in 1988 in response to a standoff with Vietnam in the Spratly Islands. While the literature is rich in both empirical description and theoretical accounts, very few studies specifically address why and under what conditions China is willing to use military force to defend its claims. Of those that do, their content is either limited to descriptive accounts, they eschew in-depth analysis of China's foreign policy decision-making process, or are focused on a narrow time frame that only provides a limited account of events. This chapter seeks to answer three questions. First, what explains China's use of military force in the South China Sea? Second, under what conditions does the use of force become more or less likely? And third, how can we understand variations in the way China employs force? As a way to answer these questions and overcome the limitation of the more dominant rational actor approach commonly visible in the literature, this chapter utilizes a prospect theory theoretical framework.

The chapter follows with a brief overview of the literature on China's management of its territorial disputes and some of prospect theory's core concepts. I then introduce a bargaining power-prospect theory model which is tested using four case studies sampled from China's engagement in the disputes since the PRC's founding in 1949 until the end of the Cold War. The chapter concludes with a discussion of

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the model's strengths and weaknesses and its implications for China's contemporary and future management of its claims.

10.2 The Use of Force in Territorial Disputes

Scholarship on China's use of force in its territorial disputes exhibits two dominant underlying trends. First, there is an overwhelming tendency to treat China as a rational state. Second, in terms of level of analysis, prior studies register at either the system or state level, with very few bridging the divide. The remaining work usually explains single cases or is broadly concerned with the use of force in all territorial disputes as opposed to just Chinese disputes.

Whether explicit or implicit, the rational actor assumption pervades explanations of China's use of force. The assumption is usually implicit as most studies black-box the decision-making processes in favor of treating China as a singular entity striving to achieve a clear goal by employing force. In some instances the goal is independent of the dispute itself. Such is the case in diversionary war explanations which view the purposeful ratcheting up of disputes by elites during times of turmoil as a means to achieve strong 'rally around the flag' effects and bolster domestic support (Russett 1990). Similarly, M. Taylor Fravel (2005) maintains China's decision to escalate tensions or cooperate is a consequence of the concessions states must occasionally make to maintain political stability. When China faces a deficit of state power on the domestic front, it has no choice but to make concessions in the international arena. The immense importance the Communist Party places on maintaining political legitimacy and domestic stability, lends credence to this line of reasoning, yet empirical evidence refutes this hypothesis. In the early 1960s, China took a confrontational stance with India resulting in the 1962 Sino-Indian border war. Meanwhile, China took a concessionary approach in its territorial disputes with Afghanistan, India, Mongolia, Myanmar, Nepal and Pakistan. The domestic political situation facing Mao was the same throughout this period, but his management of border disputes varied.

A core body of the literature follows the vein of structural realism (Calder 1996; Chang 1996; De Castro 2012; Guan 2000; Hyer 1990; Hyer 1995; Storey 1999; Valencia 1997; Zha and Valencia 2001), which assumes state rationality.[1] These studies treat territorial disputes as the byproduct of revisionist states acting to favorably alter the status quo or attempts to balance against the actions of other regional powers. These approaches examine the central role both US and Russian presence in East Asia has played in influencing China's foreign policy

[1] Even constructivist approaches tend to make assumptions about the rational pursuit of goals, however bounded they may be. For example, see domestic political institution arguments (Blanchard 1988; Huth 1996) and international institution arguments (Kocs 1995; Zacher 2001) on territorial disputes.

considerations. These two great powers continually remain a salient consideration for Chinese leaders, but structural realist methods ignore the agency of Chinese actors by treating states as though they are automatons mechanically responding to international or regional power shifts.

In contrast with the aforementioned studies, which all look at a state or system level of analysis, some authors look at either the impact of ideology (Xu 2006) or bureaucratic politics (Garver 1992). However, these studies are limited because of their narrow temporal focus. Although leadership ideologies may highlight prominent aspects of a dispute, leaders and their dominant ideologies can change over time while intensity of territorial disputes does not. The ideological differences between Mao and Kruschchev that colored the 1969 Sino-Soviet border dispute were not present in any of China's other disputes. Bureaucratic politics explanations suffer a similar weakness. The bureaucratic dynamics underlying one decision in a dispute are unlikely to be the same dynamics driving a similar decision at a later time. The people who sit atop bureaucracies, their influence and networks, and bureaucratic structures change frequently while territorial disputes can remain tense and unsettled for decades. The role Admiral Liu Huaqing and the People's Liberation Army Navy (PLAN) played in driving China into the Spratly Islands throughout the 1980s is unique to that decade and similar bureaucratic factors do not appear in earlier cases.

This chapter argues that previous scholarly work exhibits numerous issues. First, previous theories neglect the dynamic process of foreign policy decision-making. They either begin with an explicit assumption of perfect rationality which leads to the black-boxing of state-level decision-making process or the assumption is intrinsic to the analytical process. A more studied examination of the empirical record calls for a reassessment of our initial expectations about Chinese decision-makers. In certain instances, China has opted to use force while facing high risks and in others steered on the side of safety when benefitting from rather favorable odds. Such behavior is perplexing when juxtaposed with the predictions of rational choice models. Second, prior studies are overly determined by one level of analysis, either domestic or system, and do not account for strategic interaction between the two. The conduct of foreign policy is a multifaceted process that derives from a complex relationship between state and society while simultaneously working within the structural bounds imposed by the international system (Walker 2011, p. 4). Finally, on an empirical note, the merit of prior work breaks down when the temporal dimensions are expanded to encompass a larger portion of the disputes. Explanations which sufficiently explain Chinese behavior in one decade fail to do so when applied to earlier or later decades.

Considering the limitations imposed by rational actor assumptions, this chapter investigates the theoretical and empirical utility of a major rival framework—that of prospect theory. By "grounding political theory in cognitive psychology" which adequately bounds the capacity of a decision-maker to mirror the real predispositions of "actual human decision-making" (Berejikian 2002, p. 782), prospect theory can account for a greater versatility of behavior, even that which initially seems abnormal. Prospect theory makes sense of why a weaker state wages a futile war

against a much stronger adversary, why leaders let economic circumstances deteriorate significantly before they are willing to enact reforms, and why deterrence does not always work. Furthermore, it is quite malleable and can act as a middle-range theory when placed in other theoretical frameworks, giving the new theory the immediate advantage of spanning two or more levels of analysis. This same versatility also expands the temporal range of prospect theory's applicability. As a descriptive theory grounded in empirics, prospect theory allows the research to draw from unique or prevailing contextual characteristics in the class of behavior under examination (in this case the use of force in territorial disputes) to build its framing mechanism (the framing mechanism is discussed below). In a word, prospect theory provides a new analytical lens to better understand China's use of force in the South China Sea.

10.3 Prospect Theory: Basic Tenets

Introduced in 1979 by Daniel Kahneman and Amos Tyversky, prospect theory shows—contrary to conventional rational actor assumptions—humans rely upon heuristics and a plethora of other biases when making decisions rather than conducting cost-benefit analyses at every turn. These heuristics and biases impact the weight individuals attach to outcomes and are heavily influenced by how decisions are framed. Framing a decision in terms of losses or gains alters the way an individual perceives the risks associated with their options. Ultimately, individuals are more concerned with their relative welfare than their absolute welfare.

According to prospect theory, decisions take place in two separate phases: editing and evaluation. Editing is where individuals frame a decision and it has major ramifications on one's judgment of potential choices. The frame is set against a neutral reference point which the individual develops according to certain heuristics. In most cases the status quo serves as the reference point, but one's aspirations or a more favorable prior status quo may also serve as the reference point (Berejikian 2002). Editing in prospect theory is also more dynamic than expected utility theory because under prospect theory continuous sets of decisions are isolated and reedited (Kahneman and Tversky 1979; Thaler 1980). In scenarios where decisions are iterated, preferences which were previously favorable may become more or less so during a current or future decision. The evaluation phase underscores a number of other important phenomena.

During the evaluation phase each choice's utility is calculated. The utility of a choice is represented as the product of the *value function* and the *probability-weighting function*.[2] These functions act to mimic various traits of human behavior

[2] The primary concern here is to understand the basic characteristics of these functions and how they account for the human biases when making decisions between risky prospects. see Kahneman

when making choices. First, people overvalue losses in relation to comparable gains. This is deemed *loss aversion* (Kahneman and Tversky, 1979, p. 269). Even in the face of nearly impossible odds, individuals are more inclined to take risks to avoid losses. The same is true but operates in a reverse fashion when individuals are set to make gains. People are less inclined to take risks to achieve a gain even if there is only a small probability of failure. Second, individuals' behavior is unpredictable under conditions of extremely high or low probability. Mankind's limited cognitive capacity makes them either ignore or overweight extremely unlikely outcomes and neglect or exaggerate the difference between certainty and extremely likely outcomes (Kahneman and Tversky 1979). Third, variations in probability have a diminished impact on people's preferences. Finally, people add a certain amount of invented value to something once they own it. This is known as the *endowment effect* (Thaler 1980, pp. 43–47).

Both loss aversion and the endowment effect alter the editing of the reference point in iterated decision-making processes. If the reference point is the status quo and a gain is accrued, this gain is quickly assimilated by the individual and becomes the new status quo in the next round of decisions. This quick assimilation of only accruals is called the *instant endowment effect* (Kahneman et al. 1990, p. 1342). However, if the reference point is the status quo and a loss occurs, the individual is less willing to accept the new status quo (*loss aversion*) and the reference point remains the same in the next round of decisions. Thus, if an individual makes a series of consecutive losing-decisions, their reference point will still be the same as at it was prior to the first decision, placing them well into the domain of losses and making them more likely to undertake a risky venture in order to return to the perceived status quo.

Unfortunately, the complexities of decisions in international relations phenomena are a far cry from the controlled atmosphere of a laboratory. However, a wealth of prospect theory work in political science and IR bridges the gap and confirms the value of prospect theory beyond economics.[3] On the theoretical front, prospect theory's core concepts inspire novel hypotheses on topics as diverse as deterrence, causes of war, and bargaining. Empirically, prospect theory offers explanations for phenomena previously deemed inexplicable by rational actor standards, i.e. cases

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and Tversky (1979, pp. 277–284) for a detailed explanation of these functions' mathematical properties.

[3] This literature review is incomplete and informed by the necessities of the contribution itself. For in-depth reviews of prospect theory and its early applications to international relations see McDermott (2004); or Mercer (2005). The following is a list of prospect theory-related works in IR that were referenced in the writing of this chapter: Berejikian (1992, 1997, 2002, 2004), Boettcher (1995), Bueno de Mesquita et al. (2008), Camerer (2005), Farnham (1992), Haas (2001), Jervis (1992, 2004), Kühberger (1998), Levy (1992, 1996, 1997), Levi and Whyte (1997), Mandel (2001), McDermott (1992, 1998), McDermott et al. (2008), McDermott and Kugler (2001), McInerney (1992), Pauly (1993), Quattrone and Tversky (1988), Richardson (1993), Rieger (2014), Rothman (2011), Shafir (1992), Taliaferro (1994, 1998, 2004), Welch (1993a, b) and Weyland (1996, 1998).

where leaders made 'irrational' decisions. To achieve these explanations prospect theory must be integrated with concepts native to foreign policy analysis.

10.4 Bargaining Power Prospect Theory Model

The primary challenge—as encountered by all applications of prospect theory to IR—is the question of how to develop an accurate model for framing. To overcome this I examine the basic nature of territorial disputes. Fortunately, states exhibit certain, reliable characteristics during territorial disputes which help alleviate the normal issues associated with creating a sound framing model. During territorial disputes, states and their leaders almost always make their positions or claims known. They do so either through diplomatic statements, public speeches, newspaper articles, or any combination of similar public statements; thus, ameliorating the ambiguity of whether leaders are using the status quo, an aspiration, or some previously held position as their reference point. A state's claim represents a type of aspiration which also serves as the reference point. However, when carried out to its logical conclusion this assumption gives rise to a major issue. If two or more competing states all use the aspiration of achieving sovereignty over a given territory as their reference point, then as long as the issue remains unsettled everyone remains stuck in a perpetual loss frame and will take excessive risks to recoup their perceived misfortunes. However, not all territorial disputes are in a constant state of escalation and spiral downwards into violence. How can this be explained?

The answer lies in the multifarious and interactive nature of territorial disputes. Pretend territorial disputes are a type of interactive game and each state a player in that game. Every player aims to achieve sovereignty over the disputed territory and has a number of potential moves ranging from peaceful to belligerent at their disposal in order to get closer to the end goal. Potential examples of moves include, but are not limited to:

- Seek a negotiated settlement (bilateral or multilateral)
- Seek arbitrated settlement in international institution
- Lodge diplomatic complaints in regional or international institutions against rivals
- Unilaterally develop territory (commercial, military, or other types of ventures)
- Increase military presence in territory
- Forcefully occupy territory
- Engage in direct military confrontation with rival claimants

The game continues until a negotiated settlement is agreed upon by all claimants. Because even the smallest amount of intransigence by any player can stymie negotiations and every player knows this, then racing to reach a negotiated settlement becomes less important than one's position relative other players. Consequently, a state's perceived position vis-à-vis others becomes its reference point as

opposed to the status quo or the aspiration of achieving sovereignty over a given territory. This fits with Fravel's (2008b) concept of *bargaining power* which he defines as "the amount of contested land that a state holds and its ability to project military power against its adversary over the disputed area." To flesh this out further, consider that during a territorial dispute "only one actor can gain a lead over all its competitors and be well-positioned to make further gains... If others are improving their lots, then we may not code a change that puts us above the status quo, but [still] behind the progress other are making, as a gain" (Jervis 2004, p. 173). Before moving forward, we must also direct our attention to the international system.

Territorial disputes do not occur in a vacuum. Although the events directly related to the dispute are likely to be the main factors influencing a decision maker's frame, one cannot ignore the effect the international system or other powerful outside actors may have on the decision-making process. In order to account for these contextual factors I borrow insights from Kai He and Huiyun Feng's (2013) book, *Prospect Theory and Foreign Policy Analysis in the Asia Pacific*, whereby they place a political legitimacy-based framing mechanism within a broader neoclassical realism edifice in order to analyze four different security-related case studies in the Asia Pacific region. Neoclassical realism is a multi-level approach that can account for analysis at any level: the individual, the domestic, the regime, and the international system (Waltz 1959). Neoclassical realists start with the international system level and work downwards. By treating the distribution of power in the system as the most important factor, they are much like structural realists, only they go a step further and focus on the mechanisms which link the system dynamics and state behavior (He and Feng 2013, p. 7). The core of foreign policy analysis rests on piecing together the transmission belt which links the two. As the name implies, neoclassical realism also borrows from classical realism by taking into consideration "the complex relationship between the state and society" (Lobell et al. 2009, p. 13) while remaining cognizant of the structural constraints imposed by the international system. Rather than a robust theory of international politics, neoclassical realism is more of a blueprint the researcher should loosely follow when constructing theories of foreign policy.

Using this blueprint achieves three important things. First, it successfully subsumes prospect theory within a broader political science theoretical framework, overcoming the challenge of renovating prospect theory for use in IR analysis. Second, pairing prospect theory with neoclassical realism's "flexibility in specifying the unit-level variables becomes an advantage rather than a weakness as a middle-range research approach focusing on specific issues and particular scope conditions for making foreign policy decisions" (He and Feng 2013, p. 8). Lastly, despite its tendency towards specificity as noted above, employing a neoclassical realism framework also makes the model more generalizable. The adoption of a neoclassical realist framework illuminates the international system's role in either limiting or enabling the foreign policy options initially available to leaders.

Figure 10.1 lays out the relationship between neoclassical realism, the bargaining power-prospect theory model, and how these two combine to engender

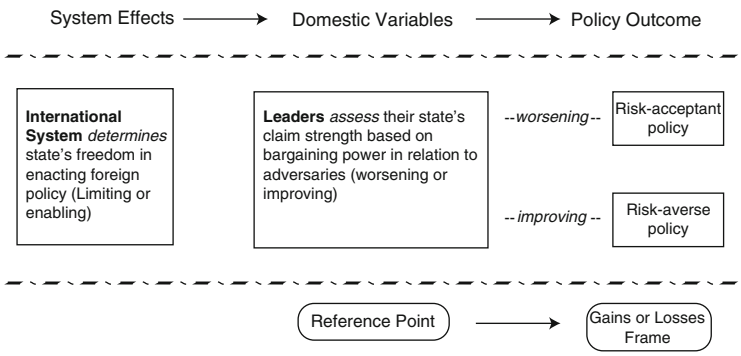


Fig. 10.1 Bargaining power-prospect theory model

state behavior. Based on interactions between these factors the model produces two general hypotheses.

H1 An improvement in bargaining power vis-à-vis rivals creates the perception amongst leaders that they retain the ability to favorably influence the outcome, leading to a sense of reassurance (gains frame) and, ultimately, the adoption of risk-averse policies.

H2 A decrease in bargaining power vis-à-vis rivals creates the perception that they are falling behind, losing control over the dispute and may face an unfavorable settlement (losses frame), resulting in risk-acceptant policies.

It should be noted that risk-averse policies do not necessarily connote the use of force. The effect the international system has in determining a state's freedom to craft foreign policies can eliminate the possibility of using force. For example, if a state is fully committed to a military engagement elsewhere when it experiences a sudden decrease in bargaining power, using force may not be a viable option because the military is already spread too thin. Relations with a superpower and the salience of the territorial dispute to that superpower can also limit the range of options available to a leader. In such instances, leaders may still choose escalatory polices which are risky, but do not include the use of force because doing so would invoke undesired retaliation by the superpower. Conversely, healthy relations with a superpower or international commitments which draw a superpower's attention away from the dispute can open up options for a leader.

Complete operationalization requires addressing how to measure two final components, domain and risk. With the concept of bargaining power in hand, we have a location from which changes can be measured. The definition of bargaining power suggests the use of objective yardsticks such as amount of territory controlled vis-à-vis competitors, material capabilities, and projection of military power over the disputed area. However, subjective measures are equally important. Prospect theory argues *perceived* changes to a state's bargaining power are just as important, if not more crucial, in determining their domain of action and resulting

decision. Because of the extremely opaque nature of decision-making in China, direct records of what a top leader or leaders thought during any decision are rarely available to researchers. Therefore, one must rely on proxies such as editorial pieces from the *People's Daily* (the party's mouthpiece), statements issued by the Ministry of Foreign Affairs (MFA), orders directly handed down from top leaders, and accounts of military personnel involved in carrying out the decision to measure Chinese leaders' subjective assessments of their bargaining power.

The variance in risk-levels between different options is determined in accordance with McDermott's (1998) economic definition of risk. This definition treats the risk associated with any choice as stemming from the magnitude in variance of outcomes associated with that choice; the greater the magnitude of outcomes, the higher the risk and vice-versa. For example, when examining the choice to use force in this study, I examine the best and worst outcomes possible associated with the use of force as well as inaction. In a strong majority of cases the use of force is deemed to be the riskier of the two because losing can result is the loss of human life, reduced military capabilities, and total loss of previously controlled territory (if any is controlled to begin with). Overall, a loss represents even greater corrosion of one's bargaining power. A win, on the other hand, results in the recuperation of one's losses, if not a gain, due to the weakening of your opponent's ability to project power over the disputed territory. This can consolidate a state's hold over the territory and strengthen their claim. Inaction, on the other hand, results in less variance. The worst case scenario is the continued chipping away of the state's bargaining power, but it does not result in the loss of human life nor does it endanger the state's military capabilities. In this way, a state may trade guaranteed damage to their claim strength over the short term for the ability to bide their time and strengthen their military capabilities or wait until other factors are more favorable, i.e. the regional power balance or the domestic weakening of a rival, in order to assert their claim at a later date. In the best case scenario, rival states may halt their encroachment into the disputed territory. In the case studies that follow, I use these methods to ascertain the level of risk associated with the use of force or inaction, and employ the bargaining power-prospect theory model to explain why and under what conditions China is more likely to use force in the South China Sea.

10.5 Case Studies

This paper examines four cases all in the South China Sea during the Cold War and uses the congruence method to test the theory. Unlike controlled comparisons, the congruence method is a within-case method of causal interpretation that tests whether independent and dependent variables "vary in the expected directions, to the expected magnitude, along the expected dimensions, or whether there is still unexplained variance in one or more dimensions of the dependent variable" (George and Bennett 2005, p. 183). Cases include the 1960 Chinese decision to increase military presence in the Paracels, China's inaction after South Vietnam's

1966 withdrawal from the Paracel islands, the 1974 Battle for the Paracels between South Vietnam and China, and the 1988 Sino-Vietnamese encounter in the Spratlys. The cases were selected for their illustrative properties in highlighting the utility of a prospect theory framework as well as the availability of data. More recent cases lack the data necessary to properly assess Chinese leaders' decision-making process. Using historical case studies all dating from the Cold War provides the immediate benefit of greater data availability as well as greater continuity in the structure of the international system. Because prospect theory is not just a theory of loss aversion, but is equally concerned with actions in the domain of gains, the 1966 withdrawal of RVN forces from the Paracels was selected to examine China's response while situated in the gains frame. Unfortunately, there are no other 'gains frame' cases during this period which stand-alone temporally. The 1960 case was selected due to its somewhat anomalous nature. Despite acting from a position of losses, China opted away from direct military confrontation in that incident. On the surface, this seems to challenge the validity of the model, but it highlights the importance of the international system in shaping options. The two final cases both represent China acting in a losses frame and how this resulted in the use of force.

For each case I briefly summarize the events leading up to the decision and identify two policy-options available to the Chinese decision-makers. One option is risk-acceptant and the other is risk-averse. Second, I examine each level of the bargaining power prospect model, the international environment and Chinese leaders' perception of their bargaining power. By focusing on these I can identify which domain of action, gains or losses, China's top leader was acting from during each instance. Then, based on the model, I predict which option the leader should choose. Finally, I compare the expected choice with China's actual decision to see whether they are congruent. Table 10.1 summarizes the primary findings of each case study.

10.5.1 The 1960 Decision to Establish Naval Patrols in the Paracels

The Paracel Islands are located roughly 150 nautical miles off the southern tip of Hainan Island, the southernmost province of China, and 240 nautical miles east from Da Nang, a coastal city in south-central Vietnam. The archipelago is split into two distinct island clusters, the Amphitrite Group in the northeast and the Crescent Group in the southwest.

Prior to the establishment of the People's Republic of China (PRC) in 1949, the Chinese had been continuously operating in the Paracel Islands dating back to 1921, mainly for the purpose of extracting guano. The activity was centered on Woody Island in the Amphitrite group. The French also had interests in the islands and began surveying operations in 1925 and then expanded their activities to the whole

Table 10.1 Case study findings

Cases	Primary findings
1960 decision to establish naval patrols	– China is situated in a position of losses in terms of its bargaining power, but its options are limited by strong US presence in SCS – Opts for the riskiest available option, establishing regular naval patrols to the Paracel Islands – China's first material challenge to South Vietnamese claims – Bargaining power concept alone cannot account for this behavior, must be coupled with prospect theory
1966 RVN withdrawal from the Paracel Islands	– China encounters window of opportunity to expand its presence in Paracels with little fear of repercussion – Surprisingly, not only is no action taken, the possibilities are not even discussed – Treating the withdrawal as a return to the reference point and bargaining power parity helps explain Chinese inaction – The case suffers from limited sources and so relies on strong inferences
1974 Battle for the Paracels	– 1970s begin with race amongst rival claimants to capture reefs and resources – China quickly falls behind and finds itself in losses position – Sino-US détente enables Chinese decision makers to consider the use of force – China engages RVN on January 19, 1974 following intensifying conflicts over the Paracels and wins despite being outgunned – Following the victory China quickly consolidates the entirety of the Paracels because it still faced a dearth of bargaining power vis-à-vis its competitors
1988 Sino-Vietnamese clash over Johnson Reef	– In the early 1980s China once again finds itself falling behind its rivals, especially in terms of its claims on the Spratly islands – Although China benefits from favorable international climate and naval superiority, there is still a large discrepancy between its territorial holdings and claims – In 1988 China wins UNESCO bid to establish meteorological observation post in Spratlys – In March 1988, Vietnam challenges China's position and the two engage near Johnson Reef – Following victory, China achieves bargaining power parity and so does not occupy more features

of the archipelago throughout the 1930s and early 1940s (Samuels 1982, pp. 62–63). The increased French activity went unanswered by the Republic of China due to the war with Japan, but once the war ended in 1945 China began challenging the French presence. Posturing between the two sides increased and general control over the islands switched hands until the French and Chinese hunkered down on Pattle Island in the Crescent Group and on Woody Island in the Amphitrite group, respectively.

Chinese Nationalist forces soon had to relinquish their positions following the May 1950 Communist victory in Hainan. The People's Liberation Army (PLA) immediately replaced the Nationalist forces on Woody Island (Heinzig 1976, p. 32). On May 17, at a press conference in Manila, a representative from Beijing made the PRC's first public claim to the whole of the South Sea Islands, indicating China would not tolerate any other country's violation of Chinese claims.[4] By October, the French officially handed over control of the islands to the South Vietnamese but maintained a minimal garrison on Pattle Island until 1956 (Lu 1995, p. 76). Premier Zhou Enlai formally outlined China's claims to sovereignty over the entirety of the South Sea Island groupings during the Allied peace treaty negotiations with Japan in July 1951 and protested the exclusion of China from the peace negotiations on the grounds that, as the main victims of Japanese aggression during the war, it deserved to be recognized. All the littoral states of Southeast Asia that had suffered Japanese aggression saw controlling the islands as paramount to their national security (Lei 1988, p. 3). By ignoring the dispute completely both the Americans and the British incited a scramble for control by the rival claimants.

By the mid-1950s the PRC and their RVN equals began ramping up activity. The Chinese took the first step and placed demobilized PLA troops in the Amphitrite group in August 1955 (Muller 1984). Afterwards, South Vietnamese replaced the French on Pattle Island with a garrison of forty troops, Saigon dispatched seven ships to Robert Island which remained stationed there. This did not deter Chinese fisherman from moving their operations into the area around Robert Island. According to one Chinese source, in January 1957 RVN forces opened fire on the fishermen, injuring one (cited in Lei 1988, p. 208). While no other sources substantiate this specific claim, Saigon steadily increased their military presence and harassed Chinese fishermen.

In August 1958, the RVN reinforced its troops on Robert Island and took over Duncan Island, indicating an eastern push towards the Amphitrite Group. In response, the government in Beijing made a territorial sea declaration and once again reiterated its sovereignty over the Paracels on September 4 which received unequivocal support from North Vietnamese Premier Pham Van Dong in a formal note to Chinese Premier Zhou Enlai.[5] Shortly afterwards, RVN forces mysteriously withdrew from Robert, Duncan, and Money Islands (Zhou et al. 1989, p. 647). The situation in the Paracels returned to its prior 1950 status quo with RVN troops on Pattle Island and the PLA yet to move from Woody Island. Once, again Chinese fisherman capitalized on the RVN absence, moving activities into the Crescent Group.

The South Vietnamese were not absent for long, however, and the situation between the two sides reached its first nadir in early 1959. In February of that year, Saigon dispatched a warship to North Island in the Amphitrite Group and began detaining Chinese fishing boats. Eighty-two Chinese sailors were arrested and interrogated, their living quarters were destroyed, and the PRC flag was replaced

[4] Xinhua News Agency, May 17 1950.

[5] Ministry of Foreign Affairs, "China's Indisputable Sovereignty over the Xisha and Nansha Islands," Peking Review, 18 February 1980.

by that of South Vietnam.[6] Between February and April the RVN occupied four more islands, conducted air reconnaissance over Chinese occupied islands, and threatened to shell Chinese fisherman on Duncan Island (Lei 1988, pp. 210–211). Until this point, the PRC's response had been paltry at best. In the face of numerous direct challenges from the RVN, China failed to stand up for itself once and only offered resistance in the form of official statements of protest and scathing editorials in the *People's Daily*. With Saigon directly challenging the viability of China's claim, Beijing faced a tough decision: reciprocate South Vietnamese actions by responding with force and risk losing their only foothold in the entirety of the Sea or simply issue another official letter of protest and hope for the best.

The bargaining power model predicts that in the face of such losses China would opt for a forceful response. However, the international climate at the time extremely limited the range of options available to Chinese leaders. Throughout the decade China was engaged militarily with the United States in Korea as well as over the Taiwan Straits. In 1959, tensions were still roiling in the wake of the second cross-straits crisis and almost all of the People's Liberation Army Navy's ships were deployed there. The South Sea fleet mandated to protect the Paracels lacked destroyers, while the United States' Seventh Fleet patrolled the waters around Taiwan and made frequent stops in the Paracels. Upon receiving initial intelligence vis-a-vis Chinese activities in the Amphitrite group, American policymakers considered "military operations [to] clean-out Communists from [the] area including Woody as well as Robert and Pattle if [the] latter attacked."[7] China's indignation over the US's presence was expressed 66 times between 1958 and 1959 in the form of "serious warnings" published in the *People's Daily* (Han 1988, p. 484). Thus, a direct answer to Saigon's impudence was not a viable option; it would draw in the US's involvement and likely result in failure. The Chinese were left to take the only risky choice left available to them.

In order to uphold their sovereignty over the Paracels and protect their fishermen and holdings, China decided in March 1959 to organize a naval unit to patrol the Paracels. In the event that it successfully deterred further RVN provocations, then they would establish a military base in the Amphitrite Group to consolidate their holdings (Zhao 1999, p. 425; Xu 1999, p. 288). On March 11 Zhou Enlai passed a letter concerning the details of the patrol to the Minister of Defense, Peng Dehuai. The letter made explicit the time-frame, task, route, and the rules of engagement in case of enemy encounters.[8] The patrol, consisting of one small escort ship and one submarine chaser,[9] set out on March 17.

[6] People's Daily, February 28, 1959, p. 4.

[7] "Telegram 4011 to Saigon," June 10, Department of State, Central Files, 790.022/6–1056.

[8] Central Military Commission, "Instructions for the Paracel's Amphitrite Group Naval Patrol," March 13, 1959.

[9] The front half of the small escort ship's hull consisted of a Japanese ship which had been damaged during World War II and then repaired. After the war it was taken by Nationalist forces and was finally captured by the Communists. Prior to being refurbished and fitted with two 100-m cannons by the PLA Navy, the ship sat docked in Guangdong harbor for nearly 10 years. This is emblematic of the extremely limited resources the PLAN was operating with at the time.

Regardless of the small size of the patrol, the move was quite risky. Prior to 1959, besides the PLA's small garrison on Woody Island, other Chinese activity in the Paracels was primarily of a commercial nature and presented little to no threat to the Vietnamese. By commissioning a permanent naval presence in the waters around the Amphitrite group, Beijing risked provoking a response from the US-backed RVN. In such an event, the small patrol was no match for the opposition and it is unclear whether a countermeasure by the RVN might include removing the Chinese garrison from Woody Island. If so, China's bargaining power would be seriously reduced, or in the worst case scenario, irreversibly damaged. Although the alternative choice, inaction, did little to bolster China's claim, it offered the benefit of keeping China's hold in the Amphitrite group intact. Every RVN response was in response to fishermen operating in the Crescent group, none of which explicitly challenged the PLA position. The Chinese had no reason to believe they faced an imminent threat. However, Chinese leaders saw the necessity of deploying a patrol in order to signal China's resolve to protect its claim. If the patrols went unchallenged, this symbolized a degree of naval parity between the two sides and a recuperation of China's perceived loss in bargaining power. The patrols achieved their aim, and throughout most of the 1960s the situation in the Paracels was relatively stable.

10.5.2 Saigon's 1966 Troop Reduction in the Paracels

The arrival of the 1960s brought greater calm to the Paracels. Chinese patrols to the archipelago averaged only five per year, but demonstrated some effect in deterring the RVN (Xu 1999, p. 288). Following the large scale arrest of fisherman in 1959, Saigon only commandeered one more ship throughout the entirety of the 1960s.[10] This caused little contention between the two states as evidenced by Beijing's lack of response to the incident. The MFA made no official statement, and the party's mouthpiece, the *People's Daily*, also made no comment. However, Chinese naval patrols were not the only, nor the primary, stabilizing agent in the disputes. Throughout the 1960s, with direct financing from the United States, the Republic of Vietnam's Navy had "swelled to forty-two thousand officers and men and over fifteen hundred ships and craft, making it among the top ten navies in the world, at least numerically" (Do and Kane 1998, p. 73). Going toe-to-toe with the PLAN in the Paracels was not a problem for South Vietnam, militarily speaking. However, the main stabilizers were found in the changing domestic situations of both countries.

[10] *New York Times*, April 5 1961, p. 2.

In China, the roots of the Cultural Revolution began spreading as the middle of the decade approached. Under Lin Biao, the PLA commandeered more and more power from the party, thus becoming an apparatus of overwhelming political power. The change in organizational mission was detrimental to the navy, whose mission is geared towards outward projection of power by nature. Thus, the navy's upper echelons experienced a number of ousters to purify it of 'reactionary elements' and many of their facilities went into disrepair. As Huang and Zhou (2009, p. 402) express, "the navy was tossed about until it became a "disaster zone"." Yet in spite of growing political pressures, between 1956 and 1964 the PLAN developed rapidly in terms of material and practical capabilities. Year after year they conducted more and more blue water exercises. By the time the Cultural Revolution was officially announced by the CCP Central Committee in May 1966, the PLAN's capability to project power over China's surrounding seas had reached an apex (Huang and Zhou 2009, p. 403). Furthermore the navy resisted usurpation by the Lin Biao faction until early 1967 when it could no longer holdout against growing criticisms (Yan and Gao 1996, pp. 288–90). Internal mayhem notwithstanding, the South Sea patrols continued unabated.

In 1966, Saigon ordered a withdrawal from the Crescent group, retreating from Drummond, Duncan and Palm islands and leaving behind only a small garrison of four civilians and one American to man a weather station on Pattle Island (Han 1988, p. 675; Lu 1995, p. 77). The growing intensity of the war in Vietnam took precedence over a group of desolate rocks in the ocean. This favorable turn in events left China with a opportunity to acquire new holdings in the Crescent group and consolidate its claim on the Paracels. China faced two choices: capitalize on the changing tide and occupy more islands or carry on operations as before.

The international climate in 1966 reflected that of 1960 quite strongly. The crisis in the Taiwanese Straits had waned and with it flaring tensions between the United States and China, but otherwise the same system dynamics were in play. With China tacitly supporting North Vietnam and America directly involved in the war on the South's behalf, the PRC was still limited in the actions available to it in the South China Sea. An aggressive advance on Pattle Island was still likely to elicit an American response, but occupation of other features was now a viable option, albeit still risky. The power configuration in the Paracels favored the Chinese side for the first time in the course of the dispute. The RVN had previously dominated the Paracels in terms of firepower and were willing to demonstrate their dominance time and time again by arresting Chinese fishermen. Although the two vessels Beijing mustered in response at the start of the decade were hardly outfitted to conduct head-to-head warfare, in the wake of Saigon's order to withdraw, China's feeble forces held the upper hand. Moreover, PLAN patrols went undeterred between the time the Central Military Commission first commissioned them in 1960 and 1966, therefore lending credence to the viability of China's claims. Rather than treating South Vietnam's withdrawal as an opportunity to make a gain, the withdrawal itself can be viewed as a gain. Acting from a position of gains, any attempt to further accrue territory or improve military installations is perceived as an unnecessary or less desirable risk.

10.5.3 The 1974 Battle for the Paracels

The dynamics of the South China Sea territorial dispute were altered drastically by the convening of the United Nations Seabed Committee in 1967 and the ensuing Conference of the Law of the Sea. During the early rounds of negotiation it became very apparent to the East Asian states with claims in the South China Sea that whoever came out on top would reap huge economic benefits. This sparked a race to capture as many features as possible given that the rights to surrounding waters, seabed, and resources therein would be linked to the control over those features.

In 1970 the Philippines conducted a seismological survey in the waters around the Spratlys and by 1971 started drilling for oil wells (Samuels 1982). This instigated a fierce oil rush in the South China Sea. South Vietnam quickly joined the fray and in 1971 began offering oil concession to foreign companies to drill for oil in its eastern waters.[11] In two short years, Saigon managed to award eight different exploratory drilling concessions which resulted in the discovery of oil. Throughout 1973 South Vietnam made its oil ambitions in the Paracels apparent, conducting seismic surveys around Triton and Duncan Islands (Han 1988). China desired to begin exploiting the Sea as well, but it was handicapped by its limited presence. With no possessions in the Spratlys and no short-term prospects for advancing into them, China took the tenable option of reinforcing its tentative position in the Paracels. Between 1970 and 1973 China made a series of diplomatic, island development, and oil-related actions to mark its presence. The PLAN conducted a large-scale survey expedition in the Paracels and by 1971 initiated a series of upgrades to its base on Woody Island (Yang 1987). Both the MFA and the *People's Daily* published statements and editorials, respectively, protesting actions taken by the Philippines, equating them with stealing China's maritime resources (Han 1988, pp. 448–50). The diatribes did little to slow the pace of China's competitors.

Economic activities aside, other states started pursuing ever more aggressive occupation tactics as well. The Philippines's economic activities at the outset of the 1970s were also accompanied by the occupation of five features in the Spratlys (Lei 1988). It even went so far as to challenge Taiwan's garrison on Itu Aba, the largest island in the Spratly archipelago. Despite South Vietnam's prompt protestation of the Philippines's actions, they were short to follow suit and in August or November of 1973 occupied six islands and reefs in the Spratlys (Heinzig 1976; Wu 1999). On September 6 of the same year, South Vietnam incorporated 11 formations in the Spratly islands into Phuoc Thuy Province (Fravel 2008a). Table 10.2 summarizes the activities in the South China Sea prior to the 1974 clash between Vietnam and China.

Thus, in the 7 years between 1966 and 1973, there was more scrambling over features in the South China Sea than over the course of the prior 16 years combined, all driven by the impetus to exploit the Sea's resources. Table 10.2 shows how

[11] New York Times, 10 June, 1971, 9.

Table 10.2 Activities in the South China Sea between 1966–1973

Country	Activities
China	– 3 surveys in the Paracels – Upgrades on Woody Island
The Philippines	– Seismic survey and drills well – Occupies five islands and reefs
Vietnam	– Awards eight drilling concessions – 2 surveys in the Paracels – Occupies six islands and reefs – Incorporates 11 features in Spratlys into Phuoc Thuy Province

during this period the status quo had changed significantly, and not in China's favor. If Beijing wanted to maintain the sustainability of their claims they would have to start including activity in the Spratlys into the decision calculus as well. Prior to the 1970s, most action in the Spratlys was limited to islands within the parameters of rival states' coastal waters. That swiftly changed. Chinese leaders once again faced a choice: play it safe and opt for the passive approach of protesting rivals' actions through official and quasi-official channels or risk using force in the hopes of remedying the situation. Situated in the domain of losses, the model predicts Beijing would be prone to favoring risky options.

The fierce land grab in the South Sea was detrimental to the PRC's claim, but Sino-American rapprochement was a boon. The consideration on both sides to ease tensions and begin the normalization of diplomatic, economic, and social relations began to gain steam in the end of the 1960s. On the Chinese side, the announcement to relax US efforts in Vietnam by President Johnson in 1968 gave Beijing the impression US aims in the region, especially towards China, might be shifting (Dunbabin 1996, p. 255). In addition, the Soviet Union's intervention in Czechoslovakia to prevent its communist government from deteriorating touched off Chinese suspicions about Soviet intentions in China's neighboring states. These fears were confirmed by the 1969 Sino-Soviet border clashes over the Zhenbao/Damansky islands on the Heilong River. In the face of domestic pressures and the fact that they now shared a common enemy with the PRC, American national security policy moved away from containment ideology and shifted towards the more pragmatic approach of détente (Leffler and Westad 2010, p. 373). The Shanghai Communique published on February 28, 1972 may have been shrouded in vague language but it had immediate implications. The two sides' differences over the Taiwan issue now benefitted from a diplomatic channel through which tensions could be managed and the fact that they both shared a common enemy in the Soviet Union. Therefore the agreement helped alleviate both sides' instinctual reliance upon military deterrence. The beginning of 1972 also brought about the complete "Vietnamization" of the War in Vietnam and the withdrawal of over 400,000 US personnel, essentially all combat units (Karnow 1983, p. 636). The US military role was strictly committed to support. Both of these factors expanded Beijing's list of options in the South China Sea.

The PRC grew increasingly desperate as its competitors grew more active and its claims and possessions befitted new vulnerabilities. In late 1973 and early 1974, China initiated a series of measures to rectify its relative position, first increasing physical presence and then establishing a fishing camp on Duncan. The RVN answered in November 1973 with the usual tactic of arresting Chinese fishermen and interrogating them, only this time ramming the fishing trawlers as well (Zhou et al. 1989, pp. 647–648). Finally, the PLAN began leap-frogging troops from Woody Island onto nearby Robert and Money Islands. At this point, Chinese actions had drawn the attention of the small South Vietnamese presence remaining on Pattle Island (Wei 1997). This small garrison of lightly armed RVN troops quickly notified Saigon of the Chinese threat. On January 15, 1974 Saigon incorporated the Paracel islands into the administration of Da Nang and sent two destroyers and an amphibious landing craft to enforce their claims (Huang and Zhou 2009, p. 404; Li and Hao 1989, pp. 329–30; Zhou et al. 1989, p. 648). Both the destroyer escort ship and the amphibious landing craft arrived shortly thereafter and engaged in brief shelling and deployment of troops. Although Beijing's initial assertiveness prompted South Vietnam's response, Chinese leaders did not expect South Vietnam to retaliate in such a manner, nor attempt any initial plans to seize Pattle Island (Lu 1995). Reports indicate that the only form of Chinese resistance upon the RVN's arrival was small fishing patrols.

After catching wind of the altercations on January 16, Zhou Enlai and Vice Chairman of the CMC, Ye Jianying developed a strategy of strengthening Chinese naval patrols in the area and adopting other military measures. After receiving Mao Zedong's authorization, the order issued to the Guangzhou Military Command and the Navy stated, "In order to defend China's territorial sovereignty from the Vietnamese puppet government's unjust occupation of the Paracel Islands and threatening actions towards our fishermen, we must resolutely fight" (as cited in Xu 1999, p. 291). Falling in line with orders, the PLAN deployed a formation consisting of two sub chasers, two minesweepers and two platoons of infantry and ordered them only to engage if fired upon (Li and Hao 1989; Li 1997). A head to head comparison had the South Vietnamese forces totaling four ships and displacing 8000 tons of water and China's dispatch totaling six ships (two of which were fishing vessels) and displacing 2400 tons. Despite being outgunned and unprepared, China won the initial clash on January 18, and on January 19 the Politburo leading small group overseeing the operation dispatched fifteen more ships to seize and occupy the three remaining islands in the Crescent group (Fan 1995; Li 1997; Xu 1999).

China's decision to militarily seize the Paracels in 1974 and not 1966 is puzzling when the immediate risks surrounding the 1974 decision far exceeded the risks in 1966. Furthermore, as Lu (1995, p. 85) expounds, "if the Chinese merely needed to capture Pattle Island, this strategy of counter-attack following a set-up seemed unnecessarily elaborate with rather high and unwarranted risks." Saigon had been harassing Chinese fishermen and exerted de facto control over the Paracels for more than 20 years, all of which Beijing reluctantly tolerated. The same islands were at stake in both scenarios, the main differences are the frame of each decision and a

change in the international system. In 1966, China's opportunity to consolidate the three remaining islands in the Paracels resulted from the serendipitous retreat of RVN troops from their islands and thus was viewed as a beneficial gain. Furthermore, China's claims elsewhere in the sea, namely the Spratlys, benefitted from the relative dormancy of the Philippines and Vietnam. As 1960s drew to a close, the desire to tap into the Sea for its potential oil reserves sky-rocketed and initiated an era of assertiveness by China's rivals. In the 6 years between 1966 and the end of 1973, changes in the status quo were calamitous to China's bargaining power. Nonetheless, Sino-American rapprochement made the use a force a viable method to redeem their loss in bargaining power. Thus by 1974, when their claim strength faced enormous problems, the use of force became a risk Chinese leaders were able and willing to take. The RVN harassment of fishermen was simply the straw that broke the camel's back.

10.5.4 The 1988 Sino-Vietnamese Encounter in the Spratlys

The events leading up to China's advance into the Spratlys in 1987 were very similar to stage theater with the same countries playing to same roles they had in preceding case. Once again, a series of gains by its littoral states and the ever-blossoming interest in maritime rights fulminated the action. The growing concern over maritime rights was only further magnified by Deng's plan for economic reform and the conclusion of the United Nations Convention on the Law of the Sea. The intensive growth he intended for China would draw on all petroleum resources available. Thus, the first industry open to foreign investment in China was offshore oil production, and between 1979 and 1984 China launched a series of bidding rounds to award drilling concessions in the northern areas of the South Sea, just south of Hong Kong and east of Hainan (Lieberthal and Oksenberg 1988; Qin 1997). By 1987, Vietnam also opened its oil industry to foreign investment. Both sides entrenched their positions for a prolonged spat over economic rights. On the issue of territory, China's littoral states, with the Philippines at the helm, accelerated their occupation of uninhabited islands and reefs. In 1980, the Philippines seized Commodore Reef to increase its collection to eight features. Meanwhile, Malaysia recorded its first actions in the sea by claiming a 200-nautical-mile EEZ which included 12 features in the southern Spratlys. Malaysia followed up by occupying Swallow Reef in 1983 and two more reefs in 1986 to add a layer of security to its claims (Lei 1988; Lu 1995). In 1987, Vietnam embarked on a crusade to procure additional features, ending the year with both Barque Canada Reef and West Reef firmly under its control.

However, by the 1980s China no longer played the passive spectator. PLAN Admiral Liu Huaqing held partial responsibility in stirring up greater interest in the Spratlys both domestically and within the Politburo (Garver 1992). Under his direction, the PLAN set in motion multiple naval voyages throughout the South China Sea between May of 1983 and 1984 (Xu 1999). In 1985, one such voyage

was even attended by General Secretary Hu Yaobang.[12] In the midst of Vietnam, the Philippines and Malaysia occupying feature after feature at China's expense, an opportunity cloaked in the details of a March 1987 UNESCO Intergovernmental Oceanographic Commission for China to build an observation post in the Spratly Islands appeared. Regardless of whether or not this opportunity was a Chinese machination, it offered them an uncontestable reason to establish a presence in the Spratlys. In April 1987, China chose the relatively isolated Fiery Cross Reef as the location for its new observation station (Sha and Ai 1993; Xu 1999). The PLAN then anchored a series of combat patrols and operational exercises around this new post throughout the early summer. Finally, by the end of 1987 a proposal to build a permanent naval outpost was approved and set to begin the following January. The first phase of the construction operation began on January 20, 1988 and was guarded by a fleet of 11 ships including Luda-class guided missile destroyers (Song and Chen 1988, p. 25). A little less than 200 days layer on August 2, the new weather station was completed and included facilities for a naval command headquarters as well as a 100 m long dock capable of accommodating medium-ships amongst other supplies (Ai 1988, p. 165; Li 1988, p. 91). Despite China's UNESCO cover and careful selection of the remote Fiery Cross Reef, Vietnam, displeased with the China's encroachment, encircled the PLAN position in a series of calculated reef occupations rather than directly confronting China near Fiery Cross Reef during the building phase. China responded by occupying Gaven and Kennan reefs in late February and early March. The actions were coupled with a bitter exchange of protests between Hanoi and Beijing.

The PRC had already committed China to developing an outpost in the Spratlys, but once the PLAN setup a presence on Fiery Cross Reef, a novel question emerged: should they engage any claimants perceived to be challenging China's presence or simply stick to a defensive posture? The former represents the riskier option and the latter a risk-averse option. Using their forward position to engage in further occupations could draw unexpected attention and resistance, leading to bloodshed and damage to their naval capabilities. Maintaining an operational plan in line with the initial pretext of building a meteorological observation station would curb the chances of the abovementioned risks.

In 1988, the international climate strongly favored China. Continued assimilation into world markets was welcomed by the West and its relationship with the United States was at an all-time high. The Reagan Administration's new prerogative in Southeast Asia centered on slowing down and reversing Vietnam's expansion into its neighboring states. In order to fight Vietnam's incursion into Laos and Cambodia, they began lobbying congress to support rebel initiatives in these countries while supplying covert CIA backing in the interim. Thus, the United States joined the already firmly-established Chinese efforts to combat Vietnamese ambitions, and beginning in 1982 began covertly aiding the Khmer People's National Liberation Front (KPNLF) in Cambodia in their opposition to the

[12] Xinhua, 1 January 1986 (Lexis-Nexis); *RMRB*, 2 January 1986, 1.

Vietnamese-installed People's Republic of Kampuchea. By 1985 an overt aid program funneled through the United States' Agency for International Development was initiated (Corfield 1991, p. 164). In order to maintain their support of the Khmer Rouge, China retired itself to supplying arms to the KPNLF rebel coalition which included what remained of the Khmer Rouge regime. Thus, within a period of less than 5 years the United States and China went from being foes on opposite sides of the conflict in Vietnam to acting in unison to roll back Soviet and Vietnamese influence in the Southeast Asian peninsula.

At the state level, although China had successfully established a presence in the Spratlys, by 1988 they only controlled 5 features in the South China Sea compared to the approximately 30 features controlled by rival claimants. China was forced to reassess the discrepancy between the breadth of its claims in the Sea and its actual possessions. In terms of bargaining power, China's greatest asset was the rapid modernization of its South Sea Fleet, but it lacked both a pretense and a staging point from which to coordinate and project that power. The UNESCO project provided both missing pieces. Under the favorable international circumstances and facing deteriorating bargaining power, the model predicts China should be willing to occupy more features at the risk of militarily engaging rivals.

This is precisely what occurred. Between January 31 and March 14 of 1988, the Vietnamese and Chinese navies engaged one another on three separate occasions. The first two were relatively minor scuffles limited to symbolic showings of force on various features located around Fiery Cross Reef. Finally, on March 13, both sides landed troops and drew battle lines around Johnson reef. Once one shot rang out, both sides unleashed on each other in all-out hostility. Although it is unclear who fired first, Vietnam—severely outmanned and outgunned by China—lost all their vessels and 74 sailors in short order (Lu 1995, p. 91). Following the battle the CMC opted not to evict Vietnam from any of its other positions near Johnson Reef and instead only took control of two more vacant reefs, Kennan and Subi (Lu 1997). Given China's lack of holdings in the Spratlys and their swift victory, this appears somewhat irrational. Previously, in 1974, the PBSC capitalized on the victory to secure China's stranglehold over the Paracels. Prospect theory helps explain this anomaly.

Prior to the battle, China's position was located in the losses domain. The initial brash show of force during their move into the Spratlys and their eagerness to secure features in proximity to Fiery Cross reef stemmed from a disparity in bargaining power with their rivals. However, the orders issued to the navy from the supreme command on March 5 ended with a strong reminder that "although the Spratly struggle is a military one, it is also a political and diplomatic one. It is imperative to strictly grasp this policy" (as cited in Xu 1999, p. 312). Chinese leaders' main concern was not to recover lost bargaining power through successive reef occupations, but rather to signal to claimants China's resolve and capability to defend its claims. Upon achieving victory, China had also achieved bargaining power parity with its rivals by displaying the superiority of its navy. Once they had returned to reference point, further uses of force constituted risks that suddenly appeared less enticing. On March 17, immediately after the victory, the MFA even

released a statement claiming China was forced to respond in self-defense and felt deeply regretful they had to engage in hostilities. It also expressed earnest wishes that both sides would not engage in further conflict.[13]

10.5.5 Summary of Cases

In all four cases studies Chinese behavior varied as expected by the model, both in terms of risk-taking propensities and the range of available policy options. Throughout the 1950s the strength of Chinese claims in the South China Sea was extremely tenuous. The Chinese only occupied Woody Island in the Paracels yet laid claim to the entirety of the Sea. Moreover, China's navy was weak, its range of operation barely encompassed the Paracel Islands, and US presence in the waters limited China's ability to act. Unceasing RVN harassment of Chinese operations in the archipelago placed China firmly in the domain of losses, leading China to establish regular naval patrols to the islands and assume the related risks. In 1966, although the international dynamics remained unaltered, South Vietnamese withdrawal from the archipelago gave the PLAN an opportunity to improve its bargaining power with relatively low risk. However, the withdrawal was likely taken as a gain by Chinese leaders and even low-risk actions were not considered worthwhile. By 1974, China's overall position in the disputes had deteriorated drastically in relation to its rivals, but its relations with the United States had improved to the point of enabling the use of force. Upon defeating South Vietnam, China occupied the rest of the Paracels because loss-frame mentality still held sway. The Philippines, Vietnam, and Malaysia all were securing features in the Spratlys while China had only just acquired the Paracels. During the 1980s the PLAN modernized enough to extend operations into the Spratlys and began establishing Chinese control under the aegis of a UNESCO mandate. When China used force in response to Vietnam's challenge, it opted not to occupy more reefs because the victory signaled a return to bargaining power parity, if not a slight Chinese advantage.

The bargaining power-prospect theory model benefits by bridging the insights of prospect theory with the literature on territorial disputes as well as neoclassical realism. Because prospect theory lacks a general theory of framing, using the concept of bargaining power to determine how leaders establish their reference point and measure changes against it is fundamental to building a model specifically designed to explain behavior in territorial disputes. However, the bargaining power concept is limited to state level or dyadic analyses and disregards the importance of the international system in filtering the choices available to leaders. Adopting a neoclassical realist framework solves this shortcoming. The model is admittedly more complex than straight forward rational actor approaches, but it

[13] *People's Daily*, March 17, 1988.

proves more useful by not only predicting China's use of force in the South China Sea in both 1974 and 1988, but also explaining why China failed to use force where most rationalist models claim it should have, i.e. in 1960 and following the 1966 RVN withdrawal from the Paracels. If China was willing to risk cajoling South Vietnam by sending naval patrols into the Paracels in 1960, then it should have been equally willing to do so in 1966 when the dangers were even lower. Not only did China fail to occupy any islands adjacent to its position on Woody Island, the withdrawal did not even garner any attention in military circles. As far as I have been able to find, the only reference to the withdrawal was in a report to Guangzhou military headquarters.[14] While it is unclear whether the report was passed up the chain of command, if China was the utility-maximizing actor rationalist models presume it to be then the materialization of this kind of opportunity should have prompted greater discussion which would have then manifested in the empirical record. Rational actor models, chiefly expected utility theory, can account for this type of risk-averse behavior by assigning concave utility functions to actors; they do so under the presumption that the actor's personality naturally exudes risk-averse characteristics and thus is risk-averse under all circumstances. The opposite holds for actors presumed to be risk-takers. Only by adopting the bargaining power-prospect theory approach that incorporates different risk-propensities in different domains of action can this deviation from standard expectations be explained. Additionally, the concept of a reference point in combination with the multi-dimensional definition of bargaining power—power projection capability and territorial holdings—yields a theoretically cohesive way to explain why China chose to consolidate its grip on the Paracels in 1974, but did not capitalize on its 1988 victory in the Spratlys to undertake similar actions.

10.6 Conclusion

China's use of force has been a prominent topic in IR research since nearly the founding of the PRC and will likely continue to grow in importance as China's role in the world expands. The importance of the South China Sea has also steadily matured in terms of economic and geostrategic value. The increasing rates at which regional actors have clashed over the sea's features are a testament to this. Although in many instances, both historical and contemporary, more than one actor is at fault for inciting contentious stand-offs, it is China that most scholars, observers, and regional states are concerned with. The burgeoning East Asian economy and the world economy are both dependent on imports and exports which pass through the

[14] *dongsha, xisha, nansha qundao qingkuang jianjie ziliao* [A Summary of the Situation in the Pratas, Paracels, and Spratlys Islands], guangzhou junqu silingbu erbu cang [Guangzhou Military Region Headquarters, Second Department].

South China Sea and, thus, the creation of a theoretical model which can accurately explain China's use of force in the Sea is invaluable.

This chapter's illustrative case studies demonstrate the theoretical and empirical potential present in a prospect theory-based model. Despite the model's strengths, the weaknesses are equally apparent. Employing prospect theory requires either exceeding amounts of data or extremely telling data to confirm the domain of action leaders perceived themselves to be operating in. The opaque nature of Chinese decision-making is a further difficulty. Without records of official meetings, one must make strong inferences about leader's frames based on the objective nature of the situation, official and quasi-official government statements and, when fortunate, by analyzing direct orders from top officials. It is also often times easy to forget that prospect theory models are concerned with action in the gains frame. Given that the gains frame usually generates risk-averse behavior that flies under the historical radar, the researcher is left with little empirical material to work with. However, these are the same dilemmas one faces when hypothesizing about contemporary and future actions where data has yet to emerge or does not yet exist (as in the case of the latter).

Despite being emerging from Cold War era studies, the findings have immediate implications for China's current and future actions in the Sea. Since the 1990s China's bargaining power has steadily increased in line with its rapidly modernizing navy and burgeoning economic preponderance in the region. Rapid and systematic land reclamation projects carried out by China on its holdings in the Spratlys starting in 2014[15] serve to obscure the legal status of these features, making arbitration in international courts more difficult. While these projects are indicative of future actions China may take such as establishing an Air Defense Identification Zone over the Spratlys and are frustrating to other claimants, they do not signify military preponderance now or in the near-future. Unfortunately for China's Southeast Asian neighbors, there are few available options which could seriously roll back or slow down Chinese momentum besides a direct military challenge or US intervention in the disputes, both of which are dubious eventualities. While this does not bode well for rival parties, especially the Philippines and Vietnam which most actively contest Chinese claims, it does bode well for future peace prospects. Those who believe that the possibility of the disputes erupting into violence chiefly hinges upon how China chooses to enforce its claims will rest assured knowing that China has very little impetus to use military force while favorable trends continue to prevail.

[15] O'Connor and Hardy (2015)

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Chapter 11
Assembling a City in the Ocean: Sansha Island in the South China Sea and the New Politics of Chinese Territorialization

Guanpei Ming

11.1 Introduction

On July 24, 2012, in a ceremony on Yongxing Island, the vice Minister of Civil Affairs announced the establishment of Sansha city and unveiled the new signboards for the Sansha Municipal Government and the Sansha Municipal Committee of the Communist Party of China. Sansha, literally translates as "the three islands," had the day before been a county-level territorial unit. To make Sansha a city, the Ministry of Civil Affairs performed a ceremony where officials from the Central Government announced the territorial changes and economic goals for a new city to be established there, Sansha. It is located in the South China Sea within a few hundred nautical miles of huge gas and oil reserves which account for a third of China's total energy reserves, leading analysts to call the region "China's Persian Gulf."[1]

The politics of territorial arrangements in China remains understudied in geopolitics. Western scholars often express their surprise at "how it was possible for a country of continental dimensions, inhabited by people who speak mutually unintelligible languages and exhibit an amazing array of regional differences, to be organized by a unitary state and governed by one power center."[2] However, even a cursory examination of China's history reveals that one of its most stable elements has been its system of territorial administration. There is continuity between the units, the boundaries, and the hierarchy of territorial administration in China and its

[1] Yang (2012).

[2] Dittmer and Kim (1993).

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empire, both late and modern.[3] China has an unusual number of exotic territorial arrangements and still functions as a strong state. Western cartography makes us think of territory as being demarcated by boundary lines, but in China sub-national territories also exist which are not always constitutionally described or visible on a map. The Chinese government can, and often does, redraw these internal boundaries or remove the territorial status of areas. Whereas many other states discuss territory theoretically, in China official administration of territories has been reified in government offices. This is done by the Central Government using a system of "administrative divisions" (xingzheng quhua). When the Central Government makes a decision about a territory, for political or economic reasons, the Ministry of Civil Affairs announces the change and begins implementing new territorial policies. This is often done without notifying the public in advance and without asking for local consultation.[4] The addition, elimination, adjustments and merger of territorial units have always been strategies designed by the state to cope with changing political and economic circumstances nationally and/or locally. [5]

11.2 Territoriality and China's Understand of Territoriality

Robert Sack is considered to have one of the greatest influences on Anglo-American territoriality writing. Sack argues that "territoriality in humans is best understood as a spatial strategy to affect, influence, or control resources and people, by controlling area; and, as a strategy, territoriality can be turned on and off. In geographical term it is a form of spatial behavior."[6] He thinks that human territoriality is based on power and he elucidates that "territoriality will be defined as the attempt by an individual or group to affect, influence, or control people, phenomena, and relationships, by delimiting and asserting control over a geographic area. This area will be called the territory."[7] Sack also theorizes that territoriality can appear in many ways and he argues that "there are numerous ways in which territoriality can be asserted, including legal rights to property in land and cultural norms and prohibitions about usage of areas. Territoriality occurs at all scales, from a room in a house to the nation-state, and can sometimes be a territory and sometimes not a territory",[8] an argument which causes some geographers to consider Sack's approach as spatial-strategy approach.[9]

[3] Fitzgerald (2002).

[4] "Zhongguo Xingzheng Quhua Wang (The Official Website of Administrative Divisions of the PRC)," accessed November 12, 2013, http://www.xzqh.org.cn/.

[5] Ma (2005).

[6] Sack (1986).

[7] Ibid., p. 19.

[8] Sack (1983).

[9] Klauser (2012)

Following Sack's definition on territoriality, the political geographer Peter Taylor further explains that "territoriality is a form of behavior that uses a bounded space, a territory, as the instrument for securing a particular outcome. By controlling access to a territory through boundary restrictions, the content of a territory can be manipulated and its character designed."[10] Unlike Sack's efforts to examine the territory in nation-states and individual work spaces, Taylor thinks that territory and nation-state are historically constructed by stating "Across the whole of our modern world, territory is directly linked to sovereignty to mold politics into a fundamentally state-centric social process"[11] Sack's difference from the traditional thread of political geographer is that instead of associating territory with the state, he wants to research different scales at which territory can be considered, which spread from the micro-space of the home to a supra-national spaces.

Among all the geographers dealing with territoriality in non-Anglophone world, Claude Raffestin is maybe the most persuasive. He defines territoriality as a "complex system of relationships. In other words the relational spectrum of a collectivity, group, or individual constitutes its territoriality."[12] That means for Raffestin there may be nothing which all territories share, so each case is different and each kind of human territoriality is the product of different power relations. Raffestin also believes that territoriality is never separate from the power relations which help create it.

While western thinkers like Deleuze and Guattari, Foucault, Sack, and Raffestin are useful in explaining global territorial practices, China's institutionalization of reterritorialization in the Ministry of Civil Affairs demonstrates the need for caution when using these theories to explain China. Simply put, I believe that territoriality in China is different than territoriality in the western world. During the time when European territoriality was developing, and when the Treatise of Westphalia was created, European states were fairly isomorphic and exchangeable. The neorealism of Kenneth Waltz, for example, is premised on the idea that states are isomorphic and that they are basically like unites which are exchangeable.[13] The idea the borders contained a state was not based upon any particular border, but came from the recognition of borders by the states with other borders. The isomorphic state contained within a border comes from the agreement with neighbors to accept this distribution of territories. Sovereignty and authority in Europe became based upon that mutual recognition and the ability to sustain it. The strength or weakness of a sovereign state became linked to that state's ability to clearly define its boundaries. Western international relations theory has often mistaken this kind of historically specific territoriality as a universal statement on what states were or currently are. My argument is that this one model of the European state is not the only model, and not every other model is a failed state.

[10] Taylor (2003).

[11] Ibid.

[12] Raffestin (1984).

[13] Waltz (2001).

Chinese territoriality does not arise from the mutual recognition of neighboring states to respect boundaries and the strength of its sovereignty cannot be simply measured by its ability to define its borders. Instead, the historical creation of Chinese territoriality came from a reified system of territorial administration within government which continued through the periods of China's late empire and its modern form.[14] The most palpable example is the system of prefectures and counties, which was initiated in Spring and Autumn period and further developed after Emperor Qinshihuang united China.[15] Before Qin Dynasty, China was ruled by a network of kings, nobles, which was overthrown by the Qin following the Warring States period. The Qin Dynasty held the formerly disunified territories together by designing the first hierarchical administrative system. Territoriality in China was established by the Qin to discourage separatism and warlordism by applying a divide and rule policy.[16] The Sui Dynasty and Tang Dynasty modified the administrative hierarchy and changed some of the criteria, and the Republic of China streamlined the levels to just provinces and counties in 1928, but Chinese territoriality is still organized by that system today. Western states theorized about territory where Chinese states administered it.

Another feature of Chinese territoriality, which comes from its official administration, is that regions are considered places-to-be-governed and are not understood as regions which exist prior to or without governance. The administration of territories prioritizes the role of the state and Chinese territory is understood to be a function of its placement within the administrative hierarchy. The administrative divisions system is the structure of Chinese territoriality and China's government adopt it to better and conveniently govern its territories. However, the ranking of a place is connected with some special economic interest and political power. It is thus one indicator of the power and interest distributions among different levels of governments. [17] Administrative and governmental decisions regarding a territory are made during conferences and backroom meetings between state and local Party representatives. However, the final decision regarding a territory is subject to the Central Government and its current economic development plan, its security interests or the need to consolidate the modern state system. [18] This means that an assemblage of actors and materials are involved in any decision about moving a territory up or down the administrative hierarchy and editing economic plans.

[14] Xie (2000).

[15] Ge (2006).

[16] Ma and Wu (2005).

[17] Hu and Liu (2007).

[18] Chen and Zhang (2009).

11.3 Making a City in the South China Sea

China's administrative system also creates other special territories with some level of autonomy, but which are also subject to the central government and the rules of a nested hierarchy of authorities. Asian Studies scholar John Fitzgerald has recently argued that a better measure of China's power is to consider the way its government can reconcile the sometimes complementary and sometimes conflicting interests of dispersed territories effectively.[19] Since the political and economic "Reform and Opening up" (gaige kaifang) policy in 1978, China has changed its methods of governance by establishing new institutions and adjusting territorial arrangements to its new economic goals. Some places have been promoted administratively or assigned special administrative status such as that of special economic zone.[20] For example, China has established hundreds of new cities (over 650) and has made many changes to the territorial organization of regions in the administrative system. The most important change was in 1997, when the Central Government removed the historical city of Chongqing and surrounding areas from Sichuan province and reclassified region, moving it from a prefectural-level up the administrative hierarchy to provincial-level status.

The political geographer Carolyn Cartier has argued that these changes are a demonstration of power where "Chinese space economy is an actively scaled territorial mosaic whose dialectical interrelations the state seeks to manage in order to spur economic development while simultaneously maintaining political control."[21] The creation of these hundreds of new cities and regions has greatly impacted the county-level, where territory has been changed to smooth the progress of real estate development (because only urban land can be leased for development legally). In 1979 there were 2009 counties, but today there are only 1464 counties in China.[22] At the same time, many new institutions were founded at township-levels in order to formalize procedures in those areas formerly under loose regulation. A recent study has concluded that township bureaucracies have been growing at an annual rate of 7 % since 1988.[23] How and why the Chinese government goes about creating these hundreds of new counties and townships in this short time are questions which have been overlooked by many China experts. This paper will examine the ways in which deterritorialization and reterritorialization sometimes create new territories in China.

Adjustments to the administrative system and territorial policies vary historically, are often very provisional, and only rarely apply to all of the similarly-ranked regions in China. The Central Government, which is often described as

[19] Fitzgerald (2002).

[20] Chung (2008).

[21] Cartier (2004).

[22] *China Statistical Yearbook 2012* (China Statistic Press, 2012), 134, http://www.chinabookshop.net/china-statistical-yearbook-series-1981-2012-electronic-version-p-2112.html.

[23] Yang (1998).

authoritarian, monopolizes the ability to decide both territorial policies and how the administrative system operates. Decisions to change territorial policy, promote or demote regions in the hierarchy or to create new regions begin behind closed-doors where the central government negotiates with local government officials. After a decision is made, the Ministry of Civil Affairs announces the decision and often begins making changes without giving advance notice to the public. The Ministry provides rationales for these decisions which can change and are never uniformly applied to all territories. Most recently, the criteria needed to promote the administrative hierarchy from country-level to prefecture-level has been codified as:

> A rural township can be designated as a city (country-level) with a minimum non-agricultural population of 60,000 and GDP of 200 million Yuan. Special treatment is given to border towns, national minority areas, famous tourist spots, transport hubs and ports which do not meet the above criteria. Country-level cities could be promoted to prefecture-level cities when: (a) nonagricultural population in the urban district is over 250,000, 80 % of whom are situated in a city-government seat; (b) the gross value of industrial and agricultural output reaches 3 billion Yuan or more, at least 80 % contributed by industrial production; (c) CDP reaches 2.5 billion Yuan, at least 35 % contributed by tertiary industry; and (d) local budget income is over 200 billion Yuan.[24]

These criteria are not always met when decisions to promote a region are made. For example, when China decided to establish a new city in the contested island territories of the South China Sea, the Ministry of Civil Affairs applied a different rationale. The establishment of a new city in China is not what westerners would typically imagine; no one came to the region with building materials and built a new city where there was not one before. The territory of Sansha was simply moved up the hierarchy from county-level to prefecture-level.[25] The ceremony was attended by the city's elite and Party members, the provincial Party chief and his personnel, military leaders, and the Vice-minister of Civil Affairs. An official announcement was also made on the Ministry of Civil Affairs website and news stories were broadcast. No immediate material changes were made to the territory and the states which compete with China for control over the region, Vietnam and the Philippines, were not participants in the decision to upgrade Sansha. Despite not fitting the criteria cited earlier, Sansha was promoted to city-status and very little reorganization of the territory itself has occurred.

The promotion of Sansha's administrative status is definitely not because of its huge population or economic power. There are only 600 residents in Sansha city. In China's administrative hierarchy system, the level of a city decides the scope of its activity and authority in its domain; the higher a region is ranked in the hierarchy, the greater authority it can exercise.[26] In the 1960s and 1970s, hydrocarbon resources were discovered in the South China Seas. Since then, intense competition

[24] Dai (2000).

[25] "Minzhengfu Guanyu Guowuyuan Pizhun Sheli Diji Sanshashi de Gonggao(The Ministry of Civil Affairs Statement about the Establishment of a Prefecture-Level City of Sansha)," June 21, 2012, http://www.mca.gov.cn/article/zwgk/mzyw/201206/20120600325063.shtml.

[26] Fitzgerald (2002).

over accessing gas and oil has become one of the most important reasons for tension between Southeast Asian governments and China.[27] China very clearly states that Sansha's designation as a prefecture-level city "announces to the rest of the world that China has indisputable sovereignty over this region." The political geographer James Scott provides a useful explanation for why China might decide to promote Sansha, "These neglected and seemingly useless territories ...were suddenly of great value to the economies of mature capitalism. They contained valuable resources ...that might in many cases be the linchpin of state revenue."[28] Estimates for exactly how much gas and oil might be available for extraction in the South China Sea vary. Chinese analysts often find that the domain is a critically important source of energy for China's future economic development. [29] The oil and gas reserves near Sansha give "reason to project state power to the nethermost reaches of these ungoverned regions and bring their inhabitants under firm control."[30] Under China's political-economic system, when a county is promoted to a city, its physical area, population size as well as its authority will usually increase simultaneously.[31] Sansha's upgrade means an increase of its administrative power, as illustrated by a greater number of government bodies and more industrial units, and more control of policy-making but very little in terms of physical construction or migration.

In 2012, 21 companies had already been approved to set up offices in Sansha, including the big state-owned enterprises since July 2012, but Sansha is still a tiny island, not originally long enough even for an airport runway (the island was extended to fit one in earlier), and not able to support many new residents. Despite this, Sansha has launched its official government website and has opened its first newspaper.[32] Soon after, China released a plan on how to build Sansha which included four infrastructure projects and housing program.[33] According to the development plan, road construction, water supply and drainage would be initiated. To connect Yongxing Island and other islands, an inter-island transportation and a dock will be built too. Those infrastructures sustain Sansha's development and also let China better manage Sansha and other island.

On June 14, 2014, China began construction on a kindergarten and primary school for the citizens of Sansha city. This might not seem significant, but the Chinese government plans to spend 36 million yuan, or $5.6 million USD, for approximately 40 children on the Island. China opened the school not because it

[27] Zhang (n.d.).

[28] Scott (2009).

[29] Yang (2012)

[30] Scott (2009).

[31] Chung (2007).

[32] "China's Sansha City Launches Government Website," accessed December 28, 2014, http://news.xinhuanet.com/english/china/2014-01/01/c_133011878.htm.

[33] "China Speeds Up Construction of Newly Founded City of Sansha," accessed February 27, 2015, http://news.xinhuanet.com/english/china/2012-09/29/c_131882186.htm.

was overly concerned with the education of 40 children (at $140,000 each), but because giving Sansha city status is a strategy for international recognition of China's claim to the Island. China's official news agency, Xinhua News, announced the decision by noting that China needs Sansha city "to ensure efficient management" of the region.

The prefecture-city of Sansha administrators about 260 islands, reefs, and sandbanks and it is subdivided into three islands-districts at county-level, three towns at the township level based on China's administrative hierarchy. The three counties are located in Xisha, Nansha and Zhongsha, which the international society respectively calls Paracel Islands, Spratly Islands and Macclesfield Bank and are claimed to have sovereignty over by several other countries including Malaysia, the Philippines and Vietnam. The United Nations Convention of the Law of the Sea, ratified by China and most of other countries, permitted an exclusive economic zone extending 200 nautical miles from its costal baselines,[34] Sansha's jurisdiction will therefore cause international controversial on the claims of maritime rights especially to exclusive economic zones and continental shelves. Although U.S does not claim sovereignty over any of the islands in South China Sea, it concerns "the freedom of navigation, including the security of the sea lines of communication that pass through these waters"[35] and has shown special attention and involvement to South China Sea disputes. China's decision to make Sansha a city has influenced South China Sea international relations by making the region increasingly hostile and increasing U.S. involvement. However, contrary to the way many foreign policy and military analysts describe the situation, the decision to make Sansha a city reflects changing ways of governing a territory in modern complex and interactive geopolitics.

11.4 Indisputable Disputes and Increasing Hostility

As one of the leading experts in security study of China and East Asia, M. Taylor Fravel states that the South China Sea dispute "involves the overlapping claims of six governments to territorial sovereignty and maritime rights, encompasses the main sea lines of communication that con-nect Southeast Asia with Northeast Asia covers large fishing grounds and may contain vast reserves of oil and natural gas."[36] The upgrade of Sansha and simultaneous tensions between China and some of its claimant states over the disputed territories in the South China Sea has engendered international concerns about China's assertiveness, especially considering China's past history of using forcing over the island territorial conflicts and its growing economic power. Sansha case alone cannot be a fuse of big disputes, in a large

[34] Cohen and Van Dyke (2010).
[35] Cronin (2012, p. 35).
[36] Fravel (2011).

degree, the South China Sea also represents "the projection of the cultural consciousness of the centuries-long relationship that each costal nation has had with its adjoining seas."[37]

The decision to make Sansha a city is a good example of how contemporary Chinese territoriality functions. We can see that China's decision to make it a city has nothing to do with the number of people or GDP there. Instead, it is an attempt to control a region, the resources in that region, and a way to delegitimize other country's claims to that territory. The decision to make Sansha a city, as a function of Chinese territoriality, is not a matter of domestic policy, but has always been a decision about how to manage the South China Sea so as to limit other state's control of the region, or international relations.

China's establishment of prefecture-city Sansha directly conflicts with claims of other countries. Stephen Krasner points outs that "the sovereign state model is a system of political authority based on territory, mutual recognition, autonomy, and control."[38] Territory hereby becomes a key issue among all the disputes which especially on the question of which littoral states have the sovereignty over the territory of the islands in the South China Sea. Upgrade Sansha's status means Sansha's local government has the authority to administer its areas and surrounding water. The areas that Sansha administrates are Xisha Islands (Paracel Islands,), Nansha Islands (Spratly Islands) and Zhongsha Islands (Macclesfield Bank), all of which are the disputed territorial between China and some of its Southeast Asian neighbors. China completely controls Xisha Islands but Vietnam claims it has indisputable sovereignty over it. Nansha roughly has 230 maritime features such as islands, islets and reefs. Vietnam currently occupies the largest features, 27 and the Philippines occupies 8 features and China occupies 7 while Vietnam and China both claim that they have indisputable sovereignty over all these land features. Zhongsha is a sunken atoll of underwater reefs and shoals, currently claimed by China and Taiwan. However, Vietnam and China both claim that they have indisputable sovereignty over all these land features.

The upgrade of Sansha has stirred a barrage of international reactions among the countries claiming sovereignty over those disputed islands. In the earlier stage of the proposed plan for upgrading Sansha, Vietnam started to protest against Sansha's proposed establishment. When asked about Vietnam's position to the news about China's State Council approval of upgrading Sansha on the Island which Vietnam also claims to have sovereignty in 2007, the spokesman of Vietnamese Ministry of Foreign Affairs responds that "Vietnam possesses adequate historical evidence and legal foundations to proclaim its indisputable sovereignty...Vietnam objects China's establishment of Sansha city on the Hainan Island to administer three islands...This action is a violation of Vietnam's sovereignty."[39] Following this,

[37] Dutton (2011).

[38] Krasner (2001).

[39] "- Vietnam Objects to China's Establishment of San Sha City on the Hainan Island," MLNews, accessed August 18, 2014, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns071204135539.

Vietnamese government allowed its people to demonstrate outside of the Chinese embassy for the first time in recent memory. After China officially upgraded Sansha and decided to build a military garrison there in 2012, Vietnam filed a formal protest with China against the plan outlined by China to station troops in Sansha. Vietnam states that "the city's establishment and related activities are against the ground rules for resolving maritime issues the countries agreed to last October and the Declaration of Conduct (DOC) signed between ASEAN and China in 2002."[40] The Philippines summoned Chinese Ambassador and verbally protested China's establishment of Sansha city. Philippine president Benigno Aquino called on the nation to show strong resolve against China's strident rhetoric and stated that his government had shown forbearance and goodwill in the long-running disputes with China.[41] Despite this, a strong pro-government newspaper in China, Global times argues that as a great power, China should not realize its goal by dealing with diplomatic protests but with actions, establishing Sansha shows that China can ignore all the claims and laws that the Philippines and Vietnam made regarding the South China Sea and China restates its strategic initiative.[42]

According to Fravel, "Behavior in territorial disputes is a fundamental indicator of whether a state is pursuing status quo or revisionist foreign policies."[43] The international society considers that the recent developments in Sansha are strategically significant as it challenges the common interpretations of China's overall behavior in the South China Sea, which thinks that "China has been moderating its policies toward the South China Sea in the past after recognizing that its actions escalated tensions too much."[44] However, Sansha's upgrade may send out a different signal to China's neighboring countries that China may be more assertive and provocative in its approach to territorial disputes.

Fravel also gave a very specific explanation on the strategies that a state may pursue in managing territorial disputes. According to him, there are three general strategies, "first, it can pursue a strategy of cooperation, which excludes threats or the use of force and involves an offer to either transfer control of contested land or drop claims to an existing piece of territory. Second, by contrast, a state can pursue a strategy of escalation, engaging in coercive diplomacy to achieve a favorable outcome at the negotiating table or using force to seize contested land. Finally, a state can adopt a delaying strategy, which involves maintaining a state's claim to a piece of land but neither offering concessions nor using force. In essence, a

[40] "Vietnam Continues to Protest China's Establishment of Island City," *Thanh Nien Daily*, accessed August 18, 2014, http://www.thanhniennews.com/politics/vietnam-continues-to-protest-chinas-establishment-of-island-city-6142.html.

[41] "Vietnam, Philippines Slam China Garrison Plan," Text, *Australia Network News*, (July 24, 2012), http://www.abc.net.au/news/2012-07-24/an-philippines-vs-china-sprtlys/4152262.

[42] "Sansha Bushi Zugei Feiyue Kande Huajiazi (Sansha Is Not Just a Formality to Show the Philippines and Vietnam)," accessed August 18, 2014, http://china.huanqiu.com/newchinahotcomment/2012-07/2947439.html.

[43] Fravel (2005).

[44] Mastro (2014).

delaying strategy is premised on maintaining existing claims in a dispute"[45] China normally pursued a delaying strategy to consolidate its claims in South China Sea and deter other states from reinforcing their own claims, for which, China insists on solving the disputes bilaterally instead of what Vietnam and the Philippines ask to engage U.S. and the Association of Southeast Asian Nations (ASEAN). By choosing delay, China has tried not to "pursue a strategy of escalation of seizing disputed features from other states or compelling them to abandon their own claims to maritime rights. Instead, the strategy seeks to consolidate China's ability to exercise jurisdiction over the waters that it claims."[46]

China's action in Sansha causes its neighboring countries worry that China may increase its acquirement and assertiveness to territory disputes as China's emergent role for a global and regional player. When talking about China's rise, scholars in international relations use different theories to examine the result of China's huge economic power. Among all of the theories, power transition and offensive realism both predicts that the conflicts are possible to happen. The most famous representative of offensive realists, political scientist at University of Chicago, John Mearsheimer asserts that power is the ultimate source of security in an anarchic world, state is prone to expand their influence and applying this to China will predict that China is going to cause armed conflict.[47] It is based on this background that the upgrade Sansha causes some Southeast Asian countries to believe the solution to these indisputable disputes is very limited. However, for China, development and peace international environment is very important as economic growth is its core interest, China will be likely to continue pacify its neighboring countries that it will commit to peace, stability and cooperation in Asia.

11.5 The South China Sea and the U.S.

The U.S. does not claim sovereignty over any of the disputed islands, but it has shown special interest in this area due to the strategical and economic reasons. The geostrategic significance of the South China Sea locating at the intersection of East Asia and the Indian Ocean area is very hard to ignore if we use historian Alfred Mahan's maritime strategy theory.[48] The South China Sea areas "exhibit characteristics similar to the Mediterranean Sea and the Caribbean Sea, as well as some revealing differences."[49] It was when Mahan compared the Caribbean Sea and Gulf of Mexico to the Mediterranean that he further pointed out the strategical features of those

[45] Fravel (2008).
[46] Fravel (2011).
[47] Mearsheimer (2003).
[48] Mahan (1987).
[49] Holmes (2014)

areas. [50] For the U.S. South China Sea is has a geopolitical importance in its global leadership. The South China Sea acts as the connection between the Pacific and Indian Oceans, "a mass of connective economic tissue where global sea routs coalesce, accounting for $ 1.2 trillion in U.S. trade annually. It is the demographic hub of the 21st century global economy, where 1.5 billion Chinese, nearly 600 million Southeast Asians and 1.3 billion inhabitants of the Indian subcontinent move vital resources and exchange goods across the region and around the globe."[51]It is in this background that U.S feels it has responsibility to keep the South China Sea in peace and stability.

However, China's establishment of garrison in Sansha sent a signal to the U.S. that China is willing to exercise hard power. The U.S. Department of State quickly responded Sansha's upgrade by having its spokesperson declare that the U.S. "remain concerned should there be any unilateral moves of this kind that would seen to prejudge an issue that we have said repeated can only be solved by negotiation, by dialogue, and by a collaborative diplomatic process among all of the claimants."[52] Jim Webb, the Chair of the U.S. Senate Foreign Relations East Asian and Pacific Affairs Subcommittee, even made a speech about China's action and he argues that China's establishment of Sansha is " literally the unilateral creation from nowhere of a government body in an area that is claimed also by Vietnam. This city they are creating will administer more than 200 islets, sand banks and reefs covering two million square kilometers of water. They have populated and garrisoned an island that is in contest in terms of sovereignty, and they have announced that this governing body will administer this entire area in the South China Sea."[53] China showed strong opposition for U.S's tone. Chinese Ministry of Foreign Affair also initiated a statement that U.S. "completely ignored the facts, deliberately confounded right and wrong, sending a seriously wrong signal, which is not conducive to the efforts safeguarding the peace and stability of the South China Sea and the Asia Pacific region."[54]

One thing should be noticed that U.S tried to maintain a position of neutrality regarding the sovereignty issues of the disputed territories in South China Sea. But after the establishment of the garrison in Sansha, U.S explicitly pointed out China caused the intension, " China's upgrading of the administrative level of Sansha City and establishment of a new military garrison there covering disputes areas of the South China Sea run counter to collaborative diplomatic efforts to resolve differences and risk further escalating tensions in the region."[55] As a result, the U.S.

[50] Mahan (1987).

[51] Cronin (2012, p. 5).

[52] Bureau of Public Affairs Department of State (2012a).

[53] "Senator Webb: China's Military and Governmental Expansion into South China Sea May Be a 'Violation of International Law,'" December 15, 2012, http://web.archive.org/web/20121215031546/http://www.webb.senate.gov/newsroom/pressreleases/2012-07-25-03.cfm.

[54] "China Opposes US Statement on S. China Sea CCTV News—CNTV English," accessed August 18, 2014, http://english.cntv.cn/program/newsupdate/20120805/103205.shtml.

[55] Bureau of Public Affairs Department of State (2012b).

appeared to be turning towards much more active involvement in the dispute and potentially taking sides."[56] Especially U.S increased its relations with Vietnam and the Philippines, which to a larger degree will impact Sino-U.S. relationship, the most important international relations in the current international system.

As a leading world power, the U.S has vital interest in Asia. Vietnam and the Philippines are its strong allies. Those two countries have been trying to expand and strengthen their relations with U.S. and have "intensified efforts to encourage the U.S. to increase its presence as tensions in the South China Sea escalate."[57] The U.S increasing presence in this area "has made Beijing more suspicious of ASEAN's moves on the South China Sea issue: it interprets the organization's initiatives as the result of American urging. A greater U.S presence could intensify U.S-China strategic competition and further alarm regional states which seek to avoid having to choose between two giants."[58]

11.6 Chinese Territorial Assemblage and Sansha

The Chinese state is best understood as a territorial assemblage where components like economic policies, flows of capital, remnants of colonial infrastructure, documents and textbooks, ceremonies, political offices, taxation, farming,[59] census-taking[60] and other elements operate to maintain the components and their relationships. Assemblages are complex arrangements of objects, qualities, bodies, and territories that come together for a time and create new ways of functioning and can be diagrammed.[61] This application of assemblage is interested in figuring out when a territorial function emerges and the result is a new territorial unit, a new institution or a new realization.[62] The forces of deterritorialization and reterritorialization are the processes which hold the territorial assemblage together, so assemblage is not a method or a definition, but is a concept which can be changed to explain Chinese territoriality for Sansha.

Chinese territorial assemblage is what results from processes of deterritorialization and reterritorialization. That means a Chinese territorial assemblage is never finished and as it is continually deterritorialized, its edges are never fully defined, which includes collections of similar practices and things. When China

[56] Fravel (2014).

[57] "Stirring up the South China Sea (II): Regional Responses - International Crisis Group," accessed August 18, 2014, http://www.crisisgroup.org/en/regions/asia/north-east-asia/china/229-stirring-up-the-south-china-sea-ii-regional-responses.aspx.

[58] Ibid.

[59] Scott (2009).

[60] Scott (1998).

[61] Deleuze and Hand (1998).

[62] Deleuze and Parnet (1987).

tries to create Sansha Island as a new territorial assemblage, it does that in part by collecting similar practices which have worked to territorialize Hong Kong and Taiwan, and uses its system of administrative hierarch to manage the territorial assemblage. Chinese territorial assemblages are often managed by the state, even though many parts of the assemblage are outside of the state's ability to control them.

Saskia Sassen argues that assemblages are a useful way to think about territory because they "cut across the binary of national versus global."[63] In the case of Chinese territory, assemblage also cut across this binary, but as the management of Chinese territorial assemblages also deterritorialize components and plugs them into new territorial units. For example, China manages Hong Kong as a "special administrative region" which keeps components of British national governance like democratic elections and global components like international banking as parts of its new territorial assemblage. In 1983, Deng Xiaoping proposed what has been called "Deng's six points" (deng liutiao) which called for a "Taiwan Special Administrative Region" (Taiwan tiebie xingzhengqu), and Deng asked Taiwan to unify with the PRC as a special territorial assemblage.[64] Deng proposed that Taiwan keep its national military, and its own administrative and legislative powers with its independent judiciary, but asked that its government not be considered a separate government of China. Taiwan rejected Deng's proposal, but after the successful Hong Kong Sovereignty Transfer in 1997, China further developed and matured the "One country, Two Systems" territorial arrangement with the plan that it be used in Taiwan, after its eventual reunification with China, and for managing other island territories. However, rather than offer Hong Kong its own national military, as it had proposed to Taiwan, China installed PRC troops in Hong Kong's garrisons. This example of different ways China manages its territorial assemblages show how components of assemblages can, according to Sassen, "de-border, and even exit, what are today still ruling normative orders."[65] Also, where many social scientists studying globalization argue that states are losing power, Chinese territorial assemblages show how "particular components of the state have actually gained power because they have to do the work of implementing policies for global economics like the kind banking in Hong Kong needs or the special economic zones which allow venture capitalists to invest in a communist country."[66]

Saskia Sassen thinks "The question of territoriality has generally not been central to the historiography of cities…When it has been emphasized; the focus has typically been on the cities themselves, conceived of as a type of territorial organization."[67] She then gives a short history of how urban territoriality "wormed

[63] Sassen (2008a).

[64] Deng (2004).

[65] Sassen (2008a, p. 62).

[66] Ibid., p. 63.

[67] Sassen (2008b).

its way into territories encased in" jurisdictions from "feudal, ecclesiastical, and imperial" systems and made "urbanized" authorities to administer the territory.[68] This origin story can explain European urban territoriality, but does not explain many of China's territorial assemblages very well. Sassen points out that in ancient European times "territorial rule belonged to cities" and that the "Roman Empire had territorial insertions and centralized authority but no fixed borders."[69] Then during the Middle Ages she says feudalism was decentralized, but no exclusive territorial rights everyone and everything was thought of as part of Christendom and authority was based on personal ties. At the end of her story about where nation states came from, Sassen cites Quentin Skinner[70] and writes "one precondition for the modern concept of the state is a distinct realm for politics separate from theology."[71] China does not have the same story.

China did have a feudal and imperial system, but it did not have the ecclesiastical system which organized European territoriality as Christendom or the Christian territorial units Sassen says came from the Roman Empire.[72] However, as Roderick B. Campbell has recently pointed out, during the Late Shang period royal discourse about political power incorporated gods and ancestors into authority. Campbell argues that "the political worldview of the Late Shang is incomprehensible without the realization that the social and political community included the dead as well as the living and that the authority of last resort was that of not the king but the high god Di."[73] According to Campbell, authority during this period was theorized as hierarchical and clear, with ancestors above the kings and kinsmen below kings. He concludes that "the imagined community of Shang, then, was neither homogeneous nor monolithic but rather context dependent and multilayered, referring to a city, the central lands of the king and its zu-lineages, and, most expansively but diffusely, the entire assemblage of royal networks of power."[74] In contrast to Sassen's "territorial rule belonged to cities" in Europe and authority being decentralized, we can see that in China territorial rule belonged to emperors who would sometimes make or destroy cities. This is important because city-building was a capacity developed by China during the Late Shang period which China uses to manage the new Sansha territorial assemblage. Many westerners think that Sansha was made a city by the administrative hierarchy as a kind of colonization of the South China Sea. That is partially true, but where Sassen might see Sansha as a city with some territory, Chinese territoriality imagines Sansha as a territory with a city.

[68] Ibid.
[69] Ibid., p. 33.
[70] Skinner (1978).
[71] Sassen (2008b, p. 46).
[72] Ibid., p. 38.
[73] Campbell (2009).
[74] Ibid., p. 838.

However, capacity is still useful for explaining Sansha because, just as Sassen argues, the modern state is made up of capabilities which were developed in different times and places, so it is not a stable thing which has been the same over time. The PRC completely different from the Shang Dynasty, but capacities developed in that period are part of the way China manages its territorial assemblages. Shang territoriality helped the Qin Dynasty make territoriality something it could manage with an administrative bureaucracy. Every region in China is now organized and ranked by the bureaucracy who decides which places count as cities and even where new cities should be built. The Central Government ranks territories with provincial-level (shengji xingzheng qu) at the top, then prefectural-level (diji xingzheng qu), then county-level (xianji xingzheng qu), then township-level (xiangji xingzheng qu), and at the bottom village-level (cunji xingzheng qu). Many western researchers ignore this system, confuse the differences between these levels, or think that a Chinese township-level classification is the same thing as a European city.[75] This shows that for Chinese territoriality cities and territory are thought of as places-to-be-governed not the way Sassen describes European cities and territory as "arising from the ground up, which eventually functioned as a built-in capability for the emergent territorialities of national states."[76] This also shows how Sassen's story about European territoriality does not make sense for Sansha as a city since it is not an "urban territorial formation,"[77] because even though China promoted it to a city it is not urban. Western theories of territoriality cannot think of cities which are not urban, but Chinese territoriality has lots of cities without a high population or lots of territory they control.

Making Sansha into a city is more than just trying to colonize the South China Sea or a way to increase the legitimacy of China's territorial claim over the South China Sea, even though it is both of those things. China made Sansha a city in the administrative hierarchy as part of the way China usually manages territorial assemblages. It is not strange that China would make a city to govern a territory, since that is how China has been managing territories since the Xia Dynasty. A recent similar example is the upgrade of Khorgas from the county to county level city in 2014. Khorgas is a border city with central Asia in Xinjiang Autonomous Region and was an important stop in ancient Silk Road. Its upgrade is to boost the economic development and play some strategic role for the cooperation between China and Central Asia.[78] What needs to be theorized more is what a Chinese territorial assemblage is and how China manages them.

[75] Cartier (2013).

[76] Sassen (2008b, p. 73).

[77] Ibid.

[78] "Guowuyuan Pizhun Xinjiang Sheli Huoerguosi shi(The State Council Approved Xinjiang to Establish Khorgas City)," accessed March 1, 2015, http://www.xjdaily.com.cn/xinjiang/002/1096379.shtml.

11.7 Conclusion

Many of the debates on contemporary Chinese territory assume that sovereignty is tied to the specific territory of a sovereign power. Fravel is applying a Westphalian understanding of territoriality which no longer explains Anglo-European territoriality, let alone Chinese territoriality. Instead, it is better to think of sovereignty as a function rather than a thing which states, institutions, or people hold. China is not claiming sovereignty over Sansha or the surrounding region so much as it is performing a sovereign function, acting as though it has always had sovereign control over the Island and then making sovereign decisions about its placement within the Chinese administrative hierarchy. A complex set of arrangements between China, Vietnam, the Philippines, and the United States makes this possible. Simply planting a flag, or a city, on an island is no longer sufficient to claim a territory as part of a state. Instead, by building up a city, along with the buildings and functions we might expect from a city, China is ensuring that its nodes and networks are the primary ones through which these other actors must operate.

The U.S. can try to influence Chinese territorial claims, but the U.S. is also dependent upon China's purchasing of American debt. Vietnam is heavily dependent upon Chinese trade, especially to the extent that it maintains a shared communist ideology with China. China, Vietnam, and the Philippines are all also trying to establish a stable Asian economic cooperation to ensure regional development. Thus analyses like the one made by Fravel have a difficult time explaining why China must go through all of the complicated and expensive performances of city-building on an Island which cannot be inhabited by enough people, buildings, and material to be an urban city. This is part of how China manages the Sansha territorial assemblage. Everyone knows that Sansha is not a real city in western terms, even China, but they all agree to pretend that China's decision to make Sansha a city fits within old models of territorial sovereignty so that capital continues to flow and resources can be put into global circulation. China is managing the Sansha territorial assemblage by making it a city, along with the buildings and functions we might expect from a city. China does this to make sure that its "nodes and networks"[79] are the primary ones which capital, material, and people in the South China Sea must flow through.

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Part III
Southeast Asia's Responses

Chapter 12
Navigating Stormy Waters: The Triangular Relationship between the United States, Vietnam and China and the South China Sea Disputes

Susan McEwen-Fial and Alexander Brand

12.1 Introduction: The South China Sea Disputes Against the Background of Power Transition Thinking

The South China Sea (SCS) has become a regional and, in some sense, even a global conflict hot spot during the last few years. Next to the obvious conflict dimension of territorial disputes which put China and other littoral states against each other (and arguably drew most of the attention in 2014), there are at least three further questions which are of concern to regional and extra-regional actors. Competing sovereignty claims and demands to exclusively regulate maritime zones include issues such as: commercial interests (free passage on key crossroads for trade), strategic considerations (routes for moving naval forces through South-east Asian waters, in particular of concern for the United States) and matters of economic development and energy security (with regard to the supposedly vast oil and gas resources beneath the SCS[1] and mineral wealth). Beneath the surface of the SCS disputes, however, there is also a sense that what happens in the region is

[1] But cf. Owen and Schofield (2012) who demonstrates that the 'hydrocarbon factor' in the SCS disputes might be grossly exaggerated by the respective parties. Therefore, it is a conflict which largely exists at the perceptive level with vastly overstated resource estimates, especially concerning crude oil, which are moreover to a considerable degree located outside the disputed zones in the SCS and, for the most part difficult to recover. For a similar, more recent assessment, see Kreuzer (2014: 9–10)

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intimately related to an asserted global power shift. It is not by chance that the debates on the regional conflicts are often framed through a critical discussion of growing Chinese assertiveness on the one hand, and the famous U.S. 'pivot to Asia' on the other. Both seem to be intertwined by the fact that the U.S. pivot—and consequently, the growing interest and presence of the U.S. in the region—entails the idea of balancing claims for Chinese regional dominance as a likely stepping stone for a bid for global hegemony as well.

It is against this background that the growing triangular relationship between the U.S., China and Vietnam has recently garnered attention. This set of bilateral relationships represents an interesting case study as to how the smaller powers around the South China Sea might try to balance China's presence in the region by engaging the United States. In turn, it seems promising to look at specific country contexts, such as Vietnam, and the peculiarities of bilateral relations between such a regional actor and the two supposedly competing superpowers in order to ascertain the specific dynamics at play which would indicate that a power transition is really underway or not, and if so, to what extent. To look at SCS conflicts, and specifically Vietnam's way of navigating between the U.S. and China would broaden the conventional view of power transition approaches.[2]

12.1.1 Power Transition and the Triangular Relationship U.S.-Vietnam-China

As Lai (2011: 5) remarks bluntly, 'power transition' has mostly been depicted as "business among powerful nations". This implies that most power transition accounts tend to focus solely on great powers, their respective endowment with power resources (which might be shifting relative to each other), and their strategic (non-)choices in coping with each other. Consequently, there is a certain automaticity to power transition thinking. Whenever there is a shift in the respective shares of crucial power resources between two great power protagonists over time, and whenever a potential contender feels dissatisfied with the status quo (see on that the lucid discussion in: Rauch and Wurm 2013: 56–58), a power transition is likely to happen. Even when a cautious note is inserted stressing that that the "policies of the dominant power play a huge role in shaping such dissatisfaction" (ibid.: 57), and that, hence, a dominant power might want to preempt a contender from rising,[3] or that a challenger might deliberately choose to initiate a conflict for the sake of expressing its dissatisfaction and testing the dominant state, it is solely the great

[2] For a good overview of power transition thinking and the scope of its applicability to China's rise in world affairs, see Fravel (2010).

[3] Only consequently, when different strategies of protagonists in power transition dynamics are discussed, the emphasis is exclusively on the strategies of the *great powers*, e.g. ignorance towards, resistance to, or acceptance of such a power shift (cf. Müller and Rauch 2011: 6–7).

powers involved that are discussed. Other actors in the international system—or in regional constellations—are simply assumed to be more or less passive takers of decisions and subject to great powers' strategic design.

The by now already rich literature on the alleged power transition from the U.S. to China (e.g. Chan 2005; Tammen and Kugler 2006; Lai 2011) is no exception to this. The discussion thus mainly focuses on the questions of whether we are indeed witnessing such a transition, which power resources one would have to look at[4] in order to give a balanced assessment of such a global power shift, and what the chances are for a peaceful management of such a changing constellation (e.g. Tammen and Kugler 2006). This, again, rather uncritically implies that "... there is an [already] on-going process whereby the U.S. is being dislodged or is likely to be dislodged as the world's superpower by a rising China" (Chan 2005: 689). Statements such as: "the United States and China *can still choose* between conflict and cooperation" (Tammen and Kugler 2006: 35; emphasis added) indicate that there hardly seems to be any room in power transition thinking for asking how third parties position themselves in this game and what their impact on great power competition might be.

In contrast, we propose to analyze alleged power transition dynamics by looking at specific locales where smaller countries[5] become involved in power politics. In particular, we are interested in how their respective (non-)actions contribute to any transition dynamic or rather bolster counter measures taken by the dominant state in order to stem a contender's claims for more power. In short, we criticize the neglect of third parties, their choices and preferences which also decide upon the success or failure of great powers' claims for hegemony.[6] The SCS region, and Vietnam in particular, seem to provide a promising testing ground for doing so. Not only have China and the U.S. taken a noticeable interest in the region lately (albeit in different ways); both have also developed specific bilateral strategies to secure or enlist

[4] As Lai (2011: 23) states, on many accounts—conventional accounts which emphasize population size, armed forces personnel, military expenditure etc.—China looks like a 'well-qualified contender'. Other authors stress the need for including different power measures (such as advances in information technology and human capital development) and reach completely different conclusions with regard to the likelihood of a shifting power differential between the U.S. and China, e.g. Chan (2005). But almost all accounts focus solely on the two supposedly rivalling great powers without further attention to how their claims are affecting third parties and what their respective positioning might tell us about the prospects for a 'power transition'.

[5] See on that the discussion in Thayer (2010: 392) which hints at the importance of including third party countries in the picture. Although he is mainly discussing how power asymmetries between a regional power (China) and a lesser country (Vietnam) might structure the bilateral relationship in specific ways—over attention and paranoia on behalf of the weaker state, inattentiveness on behalf of the stronger one—his approach at least implicitly stresses the need to include third parties in analyzing great power rivalry.

[6] This relates to a more comprehensive definition of ‚hegemony', which is more than simple preponderance in resources or factual domination of others. See on such a definition which—aside from power resources, will and strategic foresight on behalf of a (would-be) hegemon—also includes acceptance on the side of smaller states which would then act as followers e.g. Brand and Robel 2011; Prys and Robel 2011.

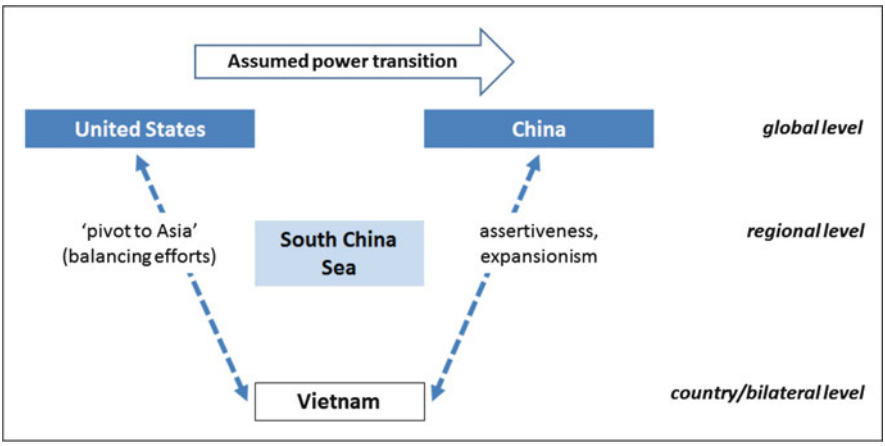


Chart 12.1 The Triangular Relationship between the U.S., Vietnam, and China against the background of an assumed global power transition

Vietnam as a partner. Moreover, the two bilateral relationships (U.S.-Vietnam and China-Vietnam) are closely intertwined: Vietnam's rapprochement towards one side is usually regarded by the other as an undesirable step, or even an indirect threat. In this sense, we can speak of a triangular relationship U.S.-Vietnam-China (Chart 12.1).

12.1.2 The SCS Disputes and the 'Scramble for Vietnam'

Vietnam, if only for historical reasons, seems to present a 'hard case' in relation to regional and global power transition between the U.S. and China. It has a checkered history with both, e.g. the U.S.'s Vietnam War of the 1960s-70s and the ensuing diplomatic freeze between the U.S. and Vietnam up until the 1990s, a long history of regional domination of Vietnam by the Chinese as well as more recent territorial disputes and not least the Sino-Vietnamese War in 1979. Nevertheless, China and the U.S. have become the most important economic partners for Vietnam during the last two decades. In addition, there are four reasons which merit closer attention to both U.S.-Vietnamese and Chinese-Vietnamese bilateral relations at this point in time.

First, during the last few years, earlier, more optimistic predictions of the likely future trajectory of Chinese-Vietnamese relations (e.g. Sam and Van 2009) have given way to bleaker assessments. This has not least been due to a 'creeping assertiveness' (cf. Hong 2013: 27) of China in the Southeast Asian region. Most notably, China's forays into the SCS are a case in point here. Be it the upgrade and de facto administrative inclusion of the Parcel and Spratly islands in 2007 (Thayer 2010: 402), be it the increasing Chinese attempts to obstruct Vietnamese oil

exploration since 2011, or be it the unilateral placement of a Chinese oil rig in waters claimed by Vietnam under its sovereignty in 2014 (see below on both issues)—the relationship between China and Vietnam has steadily deteriorated, all ensuing high-level diplomacy notwithstanding. While the relationship regarding the SCS has been aptly described as being characterized by a "sustained policy of mutual provocation", with a leading role nevertheless played by China (Kreuzer 2014: 12), Vietnam's stance towards China has increasingly come to resemble that of a 'hedging strategy' (Easley 2012: 434; Le 2013a; Hong 2013: 35). 'Hedging' in this context refers to a mixture of attempts to cooperatively engage the bigger neighbor China—if only for reasons of geographical proximity, strategic considerations and close economic ties—while at the same time trying to outbalance China's claims by aligning with extra-regional powers such as India or the U.S. as well as upgrading its own defense and maritime force projection capabilities (cf. Chang 2012: 32–34; Le 2013a: 351–356).

Second, as implied by such hedging attempts, there has been a marked improvement and strengthening of U.S.-Vietnamese ties, especially in the last half a decade. As most observers note, this has even expanded beyond the politico-diplomatic realm and intense summitry. Not only did Vietnam and the U.S. formally establish a 'comprehensive partnership' in 2013, cooperation nowadays includes strengthened military and security cooperation. While an annual dialogue on defense policy has existed since 2010, non-combat military exercises and joint training programs have been developed alongside. Not by chance did the visit of Joint Chief of Staff Chairman U.S. General Martin Dempsey in Hanoi in August 2014 come at a time when Vietnamese-Chinese relations were severely strained due to Chinese encroachment into disputed waters. The partial lifting of the U.S. arms embargo in late 2014[7] only highlights the new military dimension of the U.S.-Vietnamese relationship; Vietnam will now be able to buy maritime security equipment such as unarmed surveillance planes, patrol boats, and coastal radar systems from the U.S. on a case-by-case basis. It is this new quality of U.S.-Vietnamese relations that has drawn much attention and continues to puzzle observers who take a historical perspective on matters.

Third, both developments—partially deteriorating Chinese-Vietnamese relations and closer security cooperation between the U.S. and Vietnam—need to be interpreted against the situation in the SCS. Although most territorial disputes are long lasting, it is China's visible and growing assertiveness which explains the reaction of littoral states like Vietnam (cf. Le 2013a: 340; Vlasov 2014: 60). In particular, China's strategy to create facts and precedents[8] and to bully neighboring states into accepting the status quo, creates tensions and unease without necessarily

[7] On the history of the gradual lifting of the U.S. arms embargo and likely rationales for both the United States and Vietnam, cf. Thayer 2014.

[8] This includes: unilateral oil exploration in zones claimed by littoral states such as Vietnam, the continued hampering of oil exploration efforts by neighboring states in the SCS on the basis of sovereignty claims to certain maritime regions, and the artificial creation of territories in the sea to which China can then lay claims (Brown 2014b).

resulting in open confrontation, at least not at the governmental level. Fourth, blending into the dynamics of the triangular relationship, there has been a noticeable revulsion against China in Vietnamese society lately. When Chinese state-owned oil company CNOOC placed an oil rig 120 nautical miles off the Vietnamese coast in May 2014, anti-Chinese riots erupted throughout Vietnam. These riots focused on the economic symbols of the Chinese-Vietnamese relationship, namely factories, even though many factories hit were actually Taiwanese. Such violent outbursts are accompanied by a remarkably high level of popular distrust towards the Chinese in Vietnam. As a Pew Survey in 2014 dryly remarked, there seems to be "few fans of China" in Vietnam (Pew 2014). According to the survey's results, China only enjoys a favorability rate of 16 % among the Vietnamese, whereas the United States was rated favorable by an—in light of the memories of the Vietnam War—astonishing 76 %. These ratings are mirrored as well in the respective top choices of the Vietnamese respondents for a preferred ally (U.S.—30 %) or for the biggest threat (China—74 %). On the basis of such data, it seems to be not too far-fetched to speak of public opinion—both in Vietnam and in China (Heydarian 2014) as a 'wild card' concerning the potential for further disruption in the Chinese-Vietnamese relationship (Thayer 2015).

This seems to indicate that both growing Chinese-Vietnamese resentment and U.S.-Vietnamese rapprochement go in tandem. China might be squandering its ideological clout (as China and Vietnam are at least nominally ruled by Communist parties), supposedly close cultural ties (Confucian and Buddhist traditions as well as a penchant for state-led development)[9] as well as its 'natural' influence as regional heavyweight and neighbor. Its 'more muscular foreign policy' (Economy 2014) might not translate into a power gain or increasing influence in the region, since regional actors might want to seek (and find) ways to counter this very assertiveness. On the other hand, the U.S. might be willing to use this as a strategic opportunity to forge closer regional relationships thereby balancing China by proxy as part of its 'pivot to Asia'-strategy. As Vlasov remarks in this regard, an essential part of a superpower's strategy is precisely to "keep the smartest rival under control" (Vlasov 2014: 60).

12.1.3 The Economic Dimension of the Triangular Relationship U.S.-Vietnam-China

In what follows, we will focus on the economic dimension of U.S.-Vietnamese and Chinese-Vietnamese relations. It is generally assumed that economic relations form, from a Vietnamese perspective, an integral part of both sets of bilateral

[9] But see Easley (2012) who makes the case for a visible decrease of the importance of shared aspects of identity and a simultaneous increase in conflict-prone cultural factors in the Chinese-Vietnamese relationship.

relations and that there exists a high level of economic interrelatedness between Vietnam and both great powers. However, most attention has been recently reserved for diplomatic interaction and security/military considerations against the background of the SCS disputes. Bringing economic matters back into the debate seems warranted precisely because of their importance for Vietnam as a country whose allegiance is sought by both the U.S. and China. What is striking in this regard is that despite all diplomatic tensions, China remains Vietnam's overall largest trading partner. The U.S. is Vietnam's largest single country export market, the conflictual nature of history between both countries notwithstanding. While for both great powers, economic interdependence might be a source of power (in terms of managing asymmetrical bilateral relations to one's own benefit), from a Vietnamese point of view it might resemble a constraining condition (dependence selects for more or less costly strategic choices).

What is more, patterns of economic exchange might constitute both *indicators* of growing interest on the behalf of China and the U.S. to bind Vietnam into their respective orbits and attempts at preserving and enhancing their leverage as well as *opportunity structures* for Vietnam against the background of looming great power competition. In the latter sense, bilateral economic relations to both China and the U.S. are to provide and constrain its leeway for navigating and hedging. This, in turn, might feed back into the dynamics of hegemonic rivalry between the two great powers.

We propose to analyze economic relations between Vietnam and the U.S. as well as China in three fields: trade, foreign direct investment (FDI) and cooperation in the oil/energy sector. Trade, in this context, seems to be emblematic of the overall structure of any inter-state bilateral relationship. Shifting trade patterns and increasing/decreasing trade volumes in our two cases are to signal heightened interest on behalf the U.S. and China to secure close links. Trade patterns also determine the position of the smaller country, Vietnam, and shape its preferences and room to maneuver. FDI also works as an indicator not only of economic interrelatedness, but also of strategies to forge closer links on behalf of the investing country (or: investors with a Chinese and U.S. background, respectively). In this sense, but arguably depending on the type of FDI, such investments are to provide some leverage which translates into a push for a closer alignment. Finally, cooperation in the oil/energy sector constitutes a specific case of economic relations because of the obvious intersection of commercial interests and (energy) security considerations. In the case of the SCS region (and Vietnam), territorial claims and disputes add to the picture, making cooperation even more peculiar. From a Vietnamese point of view, where foreign investment in the energy sector is conditional upon government support, cooperation in this field is hence the result of a strategic decision with whom to collaborate in this sensitive area. In a wider sense, patterns of cooperation in the oil/energy sector are indicative of strategies to manage national welfare in the context of competing claims for regional predominance on behalf of great powers.

12.2 Economics in the Triangular Relationship Between the U.S., Vietnam and China

12.2.1 U.S.–Vietnamese Economic Relations

Economic relations between the U.S. and Vietnam are a relatively new phenomenon. The trade embargo imposed on Vietnam by U.S. President Ford in 1975 froze economic relations for nearly 20 years. Under this embargo, bilateral trade and financial transactions were prohibited. The resolution of the key issue of recovering the remains of missing in action (MIA) U.S. military personnel led the way to the lifting of the embargo by U.S. President Clinton in 1994 (Martin 2014). Trade on a small scale then resumed.

Another factor in the growing economic relationship was economic reform in Vietnam itself. In 1986, Vietnam implemented 'Doi Moi' (change and newness), a transition out of the centrally planned economy to a more market based one. This change in policy has led to over 20 years of economic growth in Vietnam. Since 1995 until the global financial crisis of 2007–2008, Vietnam's growth rate averaged 7 % with much of the growth resulting from foreign investment, particularly in the clothing industry (ibid.). The financial crisis and the resulting drop in investment and trade have slowed growth somewhat during the past few years. However, compared to other regions of the world, Vietnam seems to have weathered the 2007–2008 crisis relatively well, with a only modest deceleration of growth to levels between 5 and 6 % (OECD 2014: 44).

12.2.1.1 Trade

Economic relations really began to surge after the U.S. and Vietnam signed a bilateral trade agreement (BTA) in 2000, which cleared the way for increased economic activity between the two countries. Under the BTA, the U.S. granted Vietnam conditional normal trade relations (NTR), which reduced tariffs on many imports from Vietnam (Manyin 2014). This conditional NTR status was renewed every year until 2006 when Congress passed legislation which paved the way for Vietnam's accession to the World Trade Organization (WTO) in 2007 (ibid: 8).

Since Vietnam's accession to the WTO, the U.S. has emerged as Vietnam's second largest trading partner after China. However, the U.S. is still Vietnam's largest single country export market, accounting for 18 % of Vietnamese exports in 2013 (Vietnam Customs 2014). Although this percentage has fallen from a high of 33.3 % in 2007, the U.S. has steadily remained the biggest export market for Vietnam (Chart 12.2). Total trade has grown from approximately US$ 1.2 billion in 2000 to somewhere between US$ 24 billion (GSO 2014a, b) and US$ 30 billion (Vietnam Customs 2014; U.S. ITC/USTR 2014)—estimates vary—in 2013. In addition, the U.S. has consistently been Vietnam's seventh largest source for imports, moving up from 9th place to 7th in 2008.

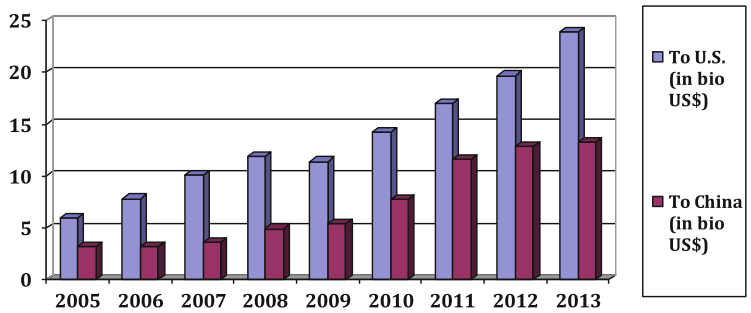


Chart 12.2 Vietnamese exports to the U.S. (2005–2013), compared to its export level to China (in bio US$), data from General Statistics Office Vietnam (2014b)

Textiles and garments remain the most important commodity with the U.S. accounting for more than a third of Vietnam's total export value of textiles and garments (AmCham Vietnam 2014). In fact, Vietnam has emerged as the second-largest source of imported clothing after China for the United States (Manyin 2014). Footwear, wooden products (furniture), as well as agricultural products (e.g. fish) are some of the other main imports. The U.S. exports to Vietnam include agricultural products (e.g. soybeans, peanuts and animal feed), computer and electronic products, chemicals, wood and cotton. As becomes obvious, there is interplay between some of these exports and imports as U.S. cotton and wood exports help furnish Vietnam's textile and furniture imports (Martin 2014). Vietnam runs a trade surplus with the U.S. and is the 27th largest goods trading partner of the U.S. (USTR 2014).

Both the U.S. and Vietnam are currently in negotiations for membership in the Trans-Pacific Partnership (TPP). If implemented, this trade agreement would allow both sides better access to the other's market. This is clearly in the interest of the Vietnamese with the U.S. constituting such a large share of their export market. As the major market for Vietnamese goods, the U.S. is a key economic partner for Vietnam with the relationship to be headed for expansion if the TPP comes into being. Although there are disagreements between the two sides, particularly over catfish imports and the designation of Vietnam as a non-market economy, the trend towards an ever increasing trade level appears positive.

12.2.1.2 Foreign Investment

Part of Vietnam's economic reform strategy is encouraging FDI. In 2005, the government of Vietnam issued a new Investment Law which forms the legal framework for foreign investment (State Dept 2014). Due to the transitory nature of Vietnam's economy, foreign investment faces a fair amount of restrictions, for example in which sectors FDI is allowed; as has been mentioned, foreign investment in sensitive sectors such as security, public safety, banking and the energy

Table 12.1 Foreign Direct Investment in Vietnam, 2005–2014 (in billion US$)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FDI, net inflows (bio US$, rd.)[a]	2.0	2.4	6.7	9.6	7.6	8.0	7.4	8.4	8.9	n.a.
FDI, total registered capital (bio US$, rd.)[b]	6.8	1.2[c]	21.3	64.0[c]	23.1	19.9	15.6	16.3	14.3[c]	20[d]
FDI, number of (new) projects[e]	970	987	1544	1171	1208	1237	1191	1287	1530	1588[d]

[a]Data from World Bank (2015)
[b]Data from GSO (2014c)
[c]In case of huge discrepancies between GSO data and the data displayed through trading-economics.com, the more conservative estimates have been included
[d]Estimate from the Vietnamese Foreign Investment Agency, cit. in: Thanh Hien News (2014b)
[e]Data from Trading Economics (2015)

sector is conditional upon strategic government decision. Nevertheless, the role of FDI in the case of Vietnam, and in regards to Vietnamese economic development, cannot be underestimated. Foreign-owned firms produce more than 40 % of the overall industrial output and are responsible for more than 50 % of Vietnam's exports by value (OECD 2014: 52). Overall FDI-related exports from Vietnam accounted for almost 70 % of the country's total exports in 2013 (State Dept 2014).

Exact data on FDI to Vietnam is, however, difficult to come by. Among other things, this is related to different accounting techniques: while the World Bank (in its Development Indicators database) records annual FDI *net* inflows, the General Statistics Office of Vietnam (GSO) compiles data on *total registered* (not necessarily disbursed) FDI capital (see Table 12.1). This leaves the reader with completely different data sets and huge discrepancies concerning the annual level of FDI to Vietnam. What can be safely assumed, however, is that FDI to Vietnam has been growing in the last decade up to a level of net FDI inflows around US$ 9 billion annually and between US$ 15–20 billion in total registered FDI capital per year.

Regarding the primary investors in Vietnam, there is a clear pattern over the last two decades: Asian countries like Japan, South Korea and Singapore have consistently been vying for the top spots (State Dept 2014; Vietnam Customs 2014). In the period of 1988–2007, Taiwan and the British Virgin Islands have been among the primary foreign investors as well (Dung et al. 2013: 185), whereas only recently, in 2013, China is said to have entered the top-5 with an annual total registered capital of US$ 2.3 billion according to GSO data (cit. in: Nguyen and Zhang 2014).

Although the U.S. is not the largest investor in Vietnam, it is, in sum, still a bigger player than China. By 2013, the U.S. ranked as the 7th largest investor (accumulated FDI until 2013) in Vietnam with 682 projects and a total registered capital of US$ 10.6 billion (GSO 2014d). One big U.S. investor in Vietnam is Intel, which built a US$ 1 billion semi-conductor assembly and testing plant in 2010 and recently announced plans to make Vietnam its central processing unit (CPU) hub in

Table 12.2 United States' Foreign Direct Investment in Vietnam, 2003–2012 (in million US$)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S. FDI (mio US $)[a]	15	52	38	37	−55	23	166	68	166	104
U.S. FDI stock (mio US$)[b]	29	160	229	254	397	522	729	987	1291	1604

[a]Data from OECD.stats (2015)
[b]Data from UNCTAD FDI/TNC Database (2014)

2015 (Thanh Nien News 2014a). It has also been reported that more U.S. footwear companies plan to move to Vietnam in anticipation of the TPP which would reduce tariffs to near zero (Phuong 2014).

What is somewhat hidden, however, in the official statistics on U.S. FDI to Vietnam is the fact that a host of U.S. investors have entered Vietnam through third countries (State Dept 2014). Hence, the seemingly low and even decreasing level of FDI flows according to the OECD data on FDI, and the marked discrepancy between UNCTAD data on U.S. FDI *stocks* in Vietnam (Table 12.2) and the *aggregated* level of U.S. FDI according to official Vietnamese (GSO) data is most probably due to, again, differing accounting techniques.

Although lacking data quality and reliability thus prohibits far reaching conclusions, it remains safe to say that the U.S.—U.S. companies as well as their foreign subsidiaries—have invested considerably in Vietnam without dominating the FDI scene in Vietnam. However, consecutive U.S. administrations have sought to intensify investment relations to Vietnam for some time. Already in 2008, the-U.S. President Bush and Vietnamese Prime Minister Dung announced talks to establish a bilateral investment treaty (BIT). The aim of this treaty was to improve the investment climate, in particular for U.S. investors in Vietnam. Negotiations did begin but have not been held since the two countries joined the TPP negotiations (Martin 2014).

12.2.1.3 Oil Exploration/Energy Cooperation

Vietnam has emerged as one of the more important oil and natural gas producers in Southeast Asia. It ranks third as the largest holder of crude oil reserves after China and India (EIA 2014). Successful offshore exploration has increased Vietnam's reserves from 0.6 billion barrels in 2011 to 4.4 billion barrels in 2013 (BP 2014; EIA 2014). In order to boost exploration activities and to expand its energy industry, Vietnam has partnered with some foreign companies. Much of Vietnam's waters remain unexplored to date, allowing for the potential for more growth. With so much untapped resources and growing domestic consumption, oil and gas are a top priority for the Vietnamese government (US Commercial Service 2014).

American companies have had mixed success in Vietnam's energy industry. Exxon Mobil made a gas discovery in 2012 (Bloomberg 2013) and are in talks with state-owned PetroVietnam (PVN) for an agreement on a multi-billion natural gas

and power project (Folkmanis and Nguyen 2014). If this project were to go ahead, it would make the U.S. one of the biggest investors in the oil/energy sector in Vietnam. General Electric (GE) can also be considered a big U.S. player in Vietnam not least since it announced the establishment of an Engineering Center in Vietnam to focus on the oil and gas sector in 2012 (GE 2014). Other U.S companies signing oil and gas contracts with PVN recently include Samedan and OPECO (Embassy of Vietnam 2014).

Other major U.S. energy companies have had less success in Vietnam. In 2011, Chevron, along with Mitsui and PTT from Thailand, signed a business cooperation contract with PVN to explore Vietnam's offshore gas fields. However, due to disagreements on pricing between Chevron and PVN, Chevron is looking to sell their stake (Folkmanis and Nguyen 2014). Moreover, in 2012, ConocoPhillips agreed to sell their Vietnam operations for US$ 1.29 billion to Anglo-French Perenco SA after 15 years of operating in the country (Klump 2012).

Aside from matters of joint oil and gas exploration, nuclear energy has lately become a field of intense U.S.-Vietnamese activity. In particular, the 2014 agreement between the U.S. and Vietnam on civilian nuclear energy cooperation paved the way for U.S. nuclear companies to enter Vietnam. As Vietnam is reportedly planning to build several nuclear power plants in the coming decades in order to secure its energy needs, U.S. companies are playing catch up to foreign competitors (NEI 2014). The potential market for U.S. nuclear companies is estimated between US$ 10–20 billion (ibid.). Companies such as GE Hitachi and Lightbridge have signed memorandums of understanding in this field in anticipation of the agreement. Although it can safely be assumed that commercial interests on behalf of U.S. firms did play an enormous role in the formation of the nuclear agreement, political aspects also played a role. While it was feared that human rights concerns in the U. S. Congress would substantially delay the agreement, it entered into force only 5 months after it had been submitted to Congress by the U.S. administration. Most notably, a number of approving bills were introduced rather quickly by high-ranking Congress members from the Senate Foreign Relations Committee and the House Foreign Affairs Committee (Manyin 2014: 3).

12.2.2 China-Vietnam Economic Relations

China and Vietnam normalized their relations in 1991. This change in the relationship, along with the end of international isolation, allowed Vietnam's economy to grow (Womack 2006). Overall, Vietnam has considerably benefitted from its gradual integration into the Asian regional production network which includes, among others, China, Thailand, Malaysia and the Philippines (OECD 2014: 44). By 2004, China was Vietnam's largest trading partner and remains so today. This trade relationship has become ever more asymmetrical with China dominating Vietnam, a relationship that deepened particularly after Vietnam entered the WTO and the signing of the ASEAN-China Free Trade Agreement in 2010. This patterned

economic relationship, however, is fraught with tension as Vietnam increasingly feels unduly dependent on its northern neighbor.

12.2.2.1 Trade

China is Vietnam's largest importer and second largest export market with overall trade reaching US$ 50 billion in 2013 (GSO 2014a, b). Chinese imports nearly doubled after Vietnam acceded to the WTO in 2007 and have been rapidly growing ever since (see Chart 12.3 below). The resulting trade deficit with China continues to grow and reached US$ 27 billion by the end of 2014 (Viet Nam News 2014). Chinese imports represent about a quarter of Vietnam's imports, up from less than 10 % in 2000. This dependency on China for imports has become politically sensitive as critics charge the Vietnamese leadership for being too soft on China for economic reasons (Manyin 2014). In turn, the US$ 37 billion in Chinese exports to Vietnam represent only 1 % of China's total exports, leaving Vietnam far more dependent on China than vice versa.

The dependency on imports reflects an overall weakness in Vietnam's economy.

Like in the case of the U.S., many imports are the inputs for exports, including fabrics, machinery, communication equipment, and computer parts (Vietnam Customs 2014). The lack of local suppliers is an issue for Vietnam since one condition from the U.S. in the TPP is that the fiber for textiles must be produced in Vietnam or another TPP country (YFNB 2014). However, China's exports to Vietnam are broader in scope, including finished goods which squeeze out local producers (Womack 2009). China's current top exports to Vietnam include fabric, machine equipment, telephone and parts, computer and electrical products, and iron and steel. Vietnamese exports to China focus on raw materials including rice, other agricultural products, crude oil and coal.

From the Vietnamese side, mounting frustration with the trade deficit has led to calls to reduce the dependency on China's imports and build up domestic industry for intermediate goods (Viet Nam News 2013). However, despite increased rhetoric

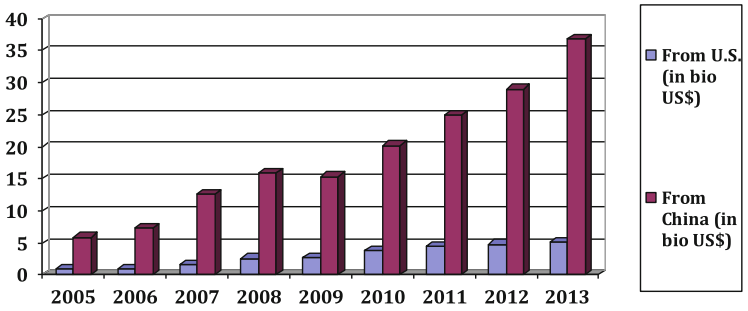


Chart 12.3 Vietnamese imports from China (2005–2013), compared to its imports from the U.S. (in bio US$), data from General Statistics Office Vietnam (2014a)

about the dangers of dependency, in particular after the 2014 incidents in the SCS mentioned above, 2014 trade estimates suggest that Chinese imports to Vietnam increased even more by 18.9 % to reach an overall level of US$ 39.9 billion (Tuoi Tre News 2014).

12.2.2.2 Investment

As stated above, China has historically not been one of the top investors in Vietnam, certainly outpaced by other Asian countries such as Japan, Singapore and South Korea. Only in 2013, and only according to the numbers published by the Vietnamese Ministry of Planning and Investment's Foreign Investment Agency, China ranked fourth in the list of foreign countries investing in Vietnam (State Dept 2014). Although Chinese FDI projects had outnumbered those from the U.S. before—with over 900 projects underway in 2013 compared to nearly 700 by the U.S.—the investment amounts have generally been smaller.

If all patchy and at times contradictory data allows for one conclusion, however, it is that Chinese FDI to Vietnam has been rising steadily. While it only ranked 12th among foreign investors in the period 1998–2007 (Dung et al. 2013: 185), it has gradually expanded its FDI activities in Vietnam in the last couple of years and climbed up the list of top foreign investors (GSO 2013; State Dept 2012, 2014). This might be indicative of a growing interest in using FDI as a means to increase Chinese leverage, but on the other hand, Vietnamese leaders repeatedly called for an increase in Chinese FDI as well, mainly in order to help mitigate the trade imbalance (Thayer 2011a).

Again, although data on Chinese FDI to Vietnam is fragmentary and should be handled with caution (*who* reports *what*, and one *what basis*?), there appears to be an upward trend in FDI activities. This is obvious with regard to UNCTAD data on Chinese FDI stock in Vietnam (see Table 12.3). Chinese investment has so far focused mainly on industrial processing and manufacturing, electrical power industries as well as mining. One side effect of Vietnam's economic growth is a lack of electricity and power. China has stepped in to fill that role, exporting electricity to Vietnam as well as investing in thermal power plants in 2013 (Nguyen and Zhang 2014).

Table 12.3 Chinese Foreign Direct Investment in Vietnam, 2003–2012 (in million US$)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ChineseFDI (mio US$)	775[b]	66[b]	401[b]	n.a.	n.a.	n.a.	n.a.	750[c]	371[d]	2.300[d]
Chinese FDI stock (mio US$)[a]	205	261	261	426	477	738	799	964	1.064	n.a.

[a]Data from UNCTAD FDI/TNC Database (2014)
[b]Data (registered capital) from GSO Statistical Yearbook, cit. in: Van and Do (2008)
[c]Data from U.S. Department of State (State Dept 2012)
[d]Data reported from Vietnam's Ministry of Planning and Investment, cit. in: Nguyen and Zhang (2014)

One controversial Chinese investment is bauxite mining by Chinalco in the Central Highlands. This investment was criticized by then-General of the Vietnamese People's Army Giap who wrote a letter to the Vietnamese Politburo in protest (Womack 2009) arguing that the project would wreck the environment, stifle ethnic unrest because of forced displacements and, not the least, threaten national security through providing China with too much leverage (Mydans 2009). This move helped to make the issue of Chinese FDI in Vietnam an issue controversially discussed in the wider public. More recently, the anticipation of the TPP has not only aroused suspicion among Chinese political elites, it has also driven more Chinese manufacturers of fabric and textiles to moving their production to Vietnam (MOFCOM 2014).

As already mentioned, there are at least three reasons to remain cautious as regards inferring too much from the available data on FDI, especially if one is to compare U.S. FDI in Vietnam to that of China. First, the data quality is suboptimal at best with differing accounting techniques used by different institutions. Estimates of FDI net inflows differ hugely from registered, but most probably not fully disbursed capital. In case FDI is funneled through foreign subsidiaries, it could be counted as FDI from the country where a company's headquarters are located or as FDI from the host country of a subsidiary. Second, some of the data looks inflated or distorted, possibly also for political reasons. Third, most data is only available for the time before 2014 when the SCS disputes flared up again. Hence, more recent conflict dynamics, eventually intensified U.S.-Vietnamese relations or stalled investment flows because of Chinese-Vietnamese diplomatic bickering are not represented in the available FDI data. Nevertheless, if one is to base an assessment on rather reliable and continuous data collected by an outside institution such as UNCTAD, one can hardly miss the recent dynamic expansion of Chinese FDI in Vietnam, at least up until 2012 (see Chart 12.4).

12.2.2.3 Oil Exploration/Energy Cooperation

Depending on where one is to put the emphasis, prospects for Chinese-Vietnamese cooperation in the energy sector look remarkably different. As has already been mentioned, Chinese companies have heavily invested in the construction of thermal power plants in Vietnam with about 30 companies such as the Shanghai Electric Power Generation Group, Dongfang Group and Huadian Engineering Co. being involved in the construction of 12 different projects (VBF 2010). At the same time, Vietnam and China have signed numerous agreements on electricity imports. Official statements, however, stress, that these imports accounted for merely 1.5 % of total domestic consumption in Vietnam recently and are even set to decrease in the future (Global Times 2014) due to rising prices for those electricity imports and the operation of new power plants in Vietnam.

In contrast, the issue of oil exploration, in particular in the SCS, has not yielded any positive results in terms of enhanced cooperation. Although an agreement on joint seismic testing between the national oil companies of China and Vietnam

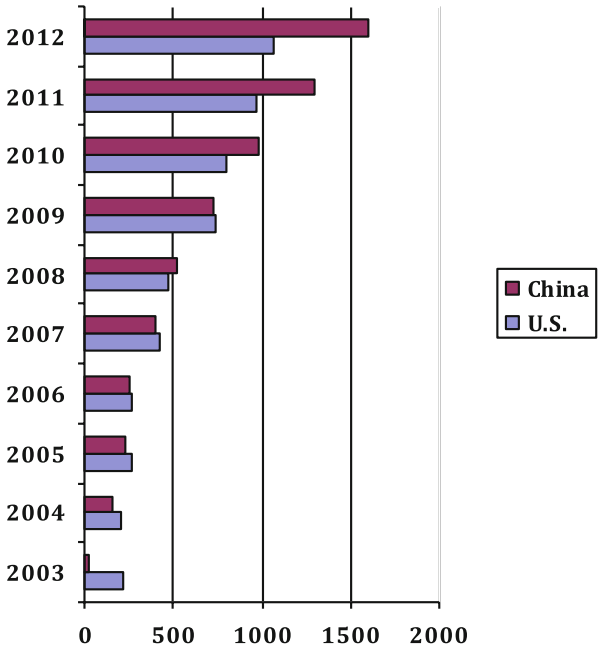


Chart 12.4 Chinese and U. S. FDI stock in Vietnam, 2003–2012, in million US$, data from UNCTAD FDI/ TNC database (2014)

(among others) had been reached in the ASEAN negotiation context in 2004, it never really took off (Thayer 2010: 399). Moreover, China and Vietnam have seemed to be incrementally set on a collision course regarding oil exploration in the SCS since then. This is visible in at least three activities. First, China is arguably interested in providing its energy security in the region unilaterally, mainly through exploration of untapped resources in the SCS region alongside its expanding territorial claims. Second, China has been reported to repeatedly obstruct Vietnamese oil exploration attempts in the SCS, thereby denying further any possibility of cooperation in the exploration and recovery of oil and gas reserves. Third, it has consistently attempted to act as a 'shadow veto player' on Vietnamese plans to involve other, extra-regional partners in joint oil exploration projects.

As for Chinese unilateral oil exploration in the SCS, it needs to be stated that most of its current production comes from undisputed areas (Hong 2013: 32–33). As Asia's currently largest offshore energy producer (which accounts for roughly 15 % of its total oil production), China has nevertheless an interest and the ambition to expand its activities in the SCS. This results in a scramble for untapped resources, especially in regarding its relationship with Vietnam which produces more than a quarter of its oil in the SCS. Judged from the outside, it might seem rational for China to expand its exploration activities in the SCS, not least since the relevant territories seems to be easier to access, seize and control than other, more lucrative petroleum fields around China (Fravel 2010: 513–514). The rather modest amount of oil (and gas) reserves in the SCS only seems to reinforce the tendency to go it alone. This has led to an incremental expansion of China's sovereignty claims in the

SCS and, alongside, demonstrations of power through maritime patrols in disputed waters. In 2014, China deliberately escalated the situation by placing an exploratory oil rig into waters which Vietnam claims to be under its territorial jurisdiction. As the rig was positioned about 120 nautical miles from Vietnam's coast but less than 20 nautical miles from an island claimed by both China and Vietnam (Manyin 2014: 1), Vietnamese authorities immediately objected to this project. Even more disturbing, from a Vietnamese point of view, was the fact that the rig—deployed by the state-owned China National Offshore Oil Corporation (CNOOC)—had been escorted by several dozen ships, among them coast guard and naval vessels (ibid.; Kreuzer 2014: 13). What ensued were a couple of skirmishes with Chinese boats ramming Vietnamese fishing boats which entered the area around the rig, the mutual use of water cannons; there were also reports of Vietnamese frogmen who had attempted to impede the operation of the rig (ibid.). In August 2014, China withdrew the US$ 1 billion Haiyang Shiyou 981 oil rig, and it is still debated whether there have been any behind-the scenes agreements between Vietnam and China which led to the withdrawal (Heydarian 2014). Nevertheless, it is no exaggeration to see this event as a likely turning point in Chinese-Vietnamese relations, not only economically. As Vietnamese authorities had, from the position of a weaker state, continuously worked for a diplomatic solution of the SCS disputes with China and refrained from openly challenging its bigger neighbor on these matters, there was now a "sense of betrayal" through this unilateral torpedoing of bilateral negotiations (ibid.).

Aside from unilateral exploration activities with the potential to provoke littoral states in the SCS, China has also, on several occasions, attempted to obstruct their respective own exploration projects. A case in point is the series of cable-cutting incidents in the SCS in 2011. In these instances, Vietnamese oil exploration survey boats were challenged by Chinese maritime surveillance vessels which repeatedly cut off exploration cables to ensure that Vietnamese exploration activities come to a halt. Against the background of competing sovereignty claims (Jianwei 2014: 7), both countries objected to the activities of the other—Vietnamese authorities stressed that the related territories belonged to its exclusive economic zone, while China responded by claiming the area under its jurisdiction (and, hence, Vietnamese exploration to be illegal). Especially embarrassing was the release of a video by the Vietnamese Foreign Ministry which actually showed how a Chinese maritime surveillance ship broke the cable attached to the Vietnamese exploration boat (Hong 2013: 31). After a similar incident had occurred only two weeks later, a diplomatic in-fight between both countries started with the climax being an official statement by the Vietnamese Foreign Ministry that publicly objected the "premediated and carefully calculated" quality of the Chinese activities (Thayer 2011b: 86).

Thirdly, there is by now a pattern of attempted frustration of Vietnamese ambitions to engage extra-regional partners in oil exploration and production by China. Basically, this takes two forms. On the one hand, China has applied pressure on foreign firms such as British Petroleum, Exxon Mobile or ConocoPhillips to forgo joint exploration efforts with Vietnam (on the basis that this would likely

hamper their commercial opportunities in China; cf. Thayer 2010: 401–402; Brown 2014a). On the other hand, China has repeatedly warned Vietnam—or outside partners such as India—against conducting exploration activities in those (expanding) areas of the SCS to which it claims sovereign authority. Hence, although Indo-Vietnamese cooperation in oil exploration and production dates back to 1988 with India's Oil and Natural Gas Corporation's (ONGC) successful bid for oil exploration, it has increasingly come under scrutiny and is today openly challenged by Chinese authorities. Since Vietnam's last two Five Year Plans on economic development placed a strong emphasis on offshore energy exploration and production (Manyin 2014: 10), it has actively sought to solicit bids for offshore oil and gas development to foreign companies, most notably Indian ones, thereby putting itself in direct opposition to Chinese plans. Already in 2011/2012, tensions erupted when China warned India not to pursue its activities in the so-called Block 128 in the SCS (claimed by both Vietnam and China as belonging to their respective territories) any further (Chang 2012: 22; Chauhan 2015). Vietnamese authorities have, in response, increasingly taken the stance to publicly assure India and ONGC Videsh Ltd. of its backing, to formalize new agreements and to expand Indo-Vietnamese cooperation on these matters. The deterioration of Chinese-Vietnamese relations in 2014 ultimately also ushered in a new agreement with India in the oil/energy sector. By reiterating its desire to retain—end even expand—the Indian presence in the SCS, Vietnam declared that PVN would be likely to acquire 50 % equity in Block 128 (ibid.). China has, in the wake of the oil rig crisis of mid-2014, slightly toned its opposition to Indo-Vietnamese joint oil exploration in the SCS down for the moment. As Foreign Ministry spokesperson Hong Lei remarked in October 2014: "We have no objection to countries who want to carry out *legitimate and lawful* oil and gas cooperation in waters that *we have no dispute over*" (Miglani 2014; emphases added). Precisely whether this applies to planned Indo-Vietnamese cooperation was left open, and even so, what the announced 'resolute opposition' in case of harm to Chinese interests would look like.

12.3 Economic Trends and Politico-Diplomatic Activism in the Triangular Relationship: Indications of a Regional Power Transition?

The analysis of the economic dimension of the triangular relationship between the U.S., Vietnam and China reveals that Vietnam, as a target country of both great powers' interests and ambitions, is specifically positioned in regional (and global) power transition dynamics. It is heavily dependent on its trade relations with China, not least since its reliance on Chinese imports is far more pronounced than its dependency on the U.S. markets for exports. As Kreuzer points out, it seems that Vietnam is in a bind regarding its trade dependency using its trade surplus with the U.S. (and other countries) to finance its imports from China (2014: 14).

Consequently, this patterned relationship severely constrains its room to maneuver, *at least for the moment*. What Hong positively terms 'economic complementarities' with China (2013: 39), in the end, may preclude Vietnam from *aggressively* challenging China, if simply for economic reasons. This dependency is only reinforced through an apparent increase in Chinese FDI in Vietnam. Although precise and comparable data is hard to come by, as mentioned, it is apparent that China uses FDI increasingly as a means to gain more leverage over Vietnam. Given the recent deterioration in Chinese-Vietnamese relations, however, it seems questionable whether "economic ties [really do] thicken the network of interactions which might serve as a cushion to absorb tensions arising from other domains of the relationship" (Le 2013a: 345).

In particular, it appears as if the rig crisis in 2014 has exacerbated existing tensions. For instance, in August 2014 Vietnamese President Sang accused China of using outdated technologies in their Vietnamese projects and said that the government had made mistakes in allowing Chinese companies to low bid local companies (Sweet 2014). This has been answered so far by Chinese lenders by freezing credit lines to many projects in the Engineering/Procurement/Construction sector in Vietnam, where China has a dominant position (Le 2011, 2013b), effectively leaving these major industrial projects in limbo (Bowring 2014). This has only reinforced already lingering ambitions on behalf of Vietnam's political elites to subtly lessen dependence on China, not least given the fact that Vietnamese popular opinion is getting heated and the government is at risk of looking *weak* against China.

If one is to take seriously that internal stability in Vietnam depends on sustained growth, more optimistic assessments like that of Brown (2014a) who argues that Vietnam could instigate an 'economic war' with China because it would easily find substitutes, neglect the depth of the asymmetry in Chinese-Vietnamese trade relations. The big unknown, of course, is the impact of the TPP if and when it enters into existence. TPP could change trade patterns and allow Vietnam to reduce its import dependence as well as to further diversify the range of foreign investors. This would apparently also include a bigger stake for the U.S. in the Vietnamese FDI sector, not least given the often proclaimed U.S. intention to become the number one investor in Vietnam in the future (Dien 2015). Only consequently, the U.S. has repeatedly stated in recent times that completion of the TPP negotiations is the most important thing for U.S.-Vietnamese relations (Talwar 2015), economically and arguably politically as well. Beyond that, it seems that the recent standoffs in the SCS have paved the way for a closer alignment of Vietnam and the U.S. through creating an environment in which Vietnamese political circles and the wider society regard "anything that hurts China [without aggressively challenging it] is interpreted as being good" (McCornac, cit. in: Dien 2015; insertion added).

Interestingly, recent activities in the oil exploration/energy cooperation sector seem to confirm that Vietnam is ready to further balance China's assertiveness. This is primarily due to the unilateral, uncompromising and at times hostile policy style of China. Vietnam's continued attempts at involving extra-regional partners in providing for its energy security—most notably India—indicate that smaller third

countries, indirectly through their choices and preferences, do have a stake in regional power transition dynamics. While the Vietnamese strategy in energy development does not favor U.S. interests alone, it certainly aims at distancing itself from China. In that sense, it also bolsters any U.S. intention to contain the regional rise of China and to prevent an unlimited expansion of her regional power base.

China's strategy so far—in the SCS disputes in general and with regard to oil exploration cooperation in particular—seems to be that of a bully rather than that of a hegemon in the making who cares for broadening its base of followers and luring maybes away from the orbit of the U.S. When Chinese president Xi Jinping reminded the Vietnamese at a high-level meeting in August 2014, that "a neighbor cannot be moved away and it is in the common interests of both sides to be friendly to each other" (Thayer 2015), he only thinly veiled the prevailing Chinese stance. And certainly, as Nguyen aptly remarked, "Vietnam understands that China is forever at its doorstep" (cit. in: Wroughton and Shalal 2014). Nevertheless, intense posturing and indirect threatening are likely to softly push states in the SCS region closer towards the U.S. The effect of all of this is arguably that the existing superpower will be able to successfully exploit such cracks and fissures thereby stemming a regional (and most probably, also a global) power transition in the near future without waging war by simply offering enhanced economic cooperation.

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Chapter 13
Vietnam's Pursuit of Alliance Politics in the South China Sea

Le Hong Hiep

13.1 Introduction

In May 2014, when a crisis broke out following China's placement of its giant oil rig *Haiyang Shiyou 981* in Vietnam's Exclusive Economic Zone (EEZ), some Vietnamese commentators saw it as a blessing in disguise for the country. One of them expressed hope that the crisis would unite the Vietnamese people and serve to speed up the country's reforms the same way the *USS Susquehanna*'s unwelcome entry into the Tokyo Bay did to Japan in 1853 (Nam 2014). While it is still too early to tell whether meaningful domestic reforms will ensue, there are indications that the crisis has been a wake-up call to the Vietnamese leadership regarding the China threat as well as Vietnam's weaknesses and vulnerabilities. In particular, the crisis has sped up Vietnam's efforts to seek alternative approaches to deal with China's increasing assertiveness in the South China Sea.

Against this backdrop, one observable trend in Vietnam's foreign policy in recent years, especially after the oil rig crisis, has been its quiet shift towards alliance politics. In this context and for the purpose of this chapter, "alliance politics" refers to Vietnam's efforts to forge close security and defense ties short of formal, treaty-bound alliances with key partners who have highly convergent perceptions of interests and threats in the South China Sea.

This chapter seeks to shed light on this trend by analyzing Hanoi's evolving strategic and foreign policy in general and its China policy in particular over the past decade. The chapter argues that while Vietnam has every reason to maintain a friendly and stable relationship with China, the latter's increasing assertiveness in

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the South China Sea has forced Vietnam to quietly look for stronger security and defense relations with regional partners to handle China's coercion, especially since around 2010. After the 2014 oil rig crisis, this trend has been strengthened as the crisis deepened Vietnam's perception of China as a serious security threat and provided Vietnamese strategists with a proper reason to justify their pursuit of alliance politics. The trend has also been strengthened by Vietnamese intellectuals and foreign policy makers advocating such a shift, as well as favorable changes in regional geopolitical conditions, especially the increasing strategic rivalry between China and other regional powers. The chapter therefore concludes that as long as China remains assertive in the South China Sea, Vietnam will continue to pursue alliance politics. This is a highly likely scenario given China's growing power as well as its maritime ambitions.

The chapter is divided into four sections. The first reviews Vietnam's strategic policy toward China since bilateral normalization in 1991, especially its hedging strategy and the so-called "three no's" principles. The second section explains why such a strategic position has become increasingly questionable, especially in the light of the 2014 oil rig crisis. The third then analyzes why Vietnam should pursue alliance politics to deal with China's increasing assertiveness in the South China Sea. The final section looks into the measures that Vietnam has been undertaking in that direction. The section will accordingly analyze Vietnam's strengthened security and defense ties with the Philippines, Japan and the United States as case studies of Hanoi's pursuit of alliance politics in the South China Sea.

13.2 Bilateral Normalization and the "Three No's Principle"

Due to the "tyranny of geography" and power asymmetry, Vietnam has throughout its history always considered China a major security threat. Since the communist party in the two countries took power in the 1940s, the ideological affinity as well as the dormancy of territorial and maritime disputes, tended to bring the two countries together, especially during the 1950s and 1960s. During the latter half of the 1970s and in the 1980s, however, bilateral relations deteriorated dramatically due to divergent national interests, adverse regional geostrategic conditions and the resurgence of territorial and maritime disputes. After the brief yet bloody border war in February-March 1979, the two countries had a difficult relationship throughout the 1980s. After repeated efforts, especially on the part of Vietnam, the two countries eventually normalized relations in November 1991.[1]

In the post-normalization period, Vietnam has been successful in maintaining a generally stable, peaceful and mutually beneficial relationship with Beijing, which contributed in many ways to the country's internal development. Bilateral trade, in

[1] For more information and analysis of the Vietnam-China normalization process, especially Hanoi's internal drivers, see Hiep (2013a).

particular, increased exponentially and China became Vietnam's largest trade partner in 2004. In 2008, the two countries announced the establishment of a "comprehensive strategic cooperative partnership".

Nevertheless, Vietnam's wish to maintain a stable and peaceful relationship with China has been constrained by heightened tension in the South China Sea. Facing growing pressures from Beijing, Hanoi has been resorting to a multi-tiered omni-directional hedging strategy that combines both bandwagoning and balancing elements. In order to operationalize the strategy, Vietnam has directly engaged China politically and promoted economic cooperation with the latter to help maintain a peaceful and stable regional environment and to reap maximal benefits out of the bilateral relationship. On the other hand, Vietnam has also been pursuing a military modernization programme through the development of its domestic defense industry as well as military acquisitions from foreign partners. Vietnam has also invested in soft-balancing efforts against China by utilizing regional institutions, especially ASEAN, to counter Beijing's pressures in the South China Sea (Hiep 2013b).

At the same time, Vietnam has also stepped up its strategic ties with other major partners. For example, by the end of 2014, Vietnam had maintained regular defense and strategic dialogues at deputy ministerial level with most major military powers, including Australia, China, France, India, Italy, Japan, Singapore, South Korea, Russia, the United Kingdom, and the United States.[2] Some of these dialogue partners are also major sources of military acquisitions for Vietnam, especially Russia. Various defense cooperation activities with major partners, such as exchange of visits by high-ranking military officials, port calls, intelligence exchanges, training, and search and rescue exercises, have also been intensified.

Against this backdrop, Vietnamese officials have repeatedly stated that their country's strengthened defense ties with regional partners are not directed against any third country.[3] Apparently, the target audience of such statements is China, who is likely to be worried and irritated by Vietnam's stronger defense ties with regional powers, especially the United States, Japan, and India. In particular, these officials have emphasized the so-called "three no's principle", i.e. no military alliance, no foreign base on Vietnam's soil, and no relationship with one country to be used against a third country. Elements of such principles were first mentioned in the 1998 Defence White Paper, and detailed in another from 2004.[4] Specifically, the 2004 White Paper states:

[2] Future defence and strategic dialogue partners may include Indonesia, the Philippines, and Thailand.

[3] See various interviews with Deputy Minister of Defense Nguyen Chi Vinh, e.g.: http://vnexpress.net/tin-tuc/xa-hoi/vn-quan-he-voi-my-khong-phai-de-can-bang-suc-manh-tai-bien-dong-2172881.html, http://vnexpress.net/tin-tuc/xa-hoi/viet-nam-khong-chap-nhan-nen-hoa-binh-le-thuoc-2184972.html, and http://vnexpress.net/tin-tuc/xa-hoi/viet-nam-khong-chap-nhan-su-can-du-xam-hai-chu-quyen-2660487.html.

[4] Since 1998 Vietnam has released Defence White Papers every 5 or 6 years. The first three were released in 1998, 2004 and 2009, respectively. The fourth one is scheduled for release in 2015.

> Vietnam's policy is not to join any military alliance, not to allow any foreign country to establish military base in Vietnam, and not to take part in any military action that uses force or threatens to use force against another country. However, Vietnam is ready to defend itself against any violation of its territory, air space, waters and national interests; Vietnam is not going to undertake arm races, but constantly strengthens its military capabilities for the purpose of sufficient self-defence (Ministry of Defence 2004, p. 5).

Although the "three no's principle" includes three pillars, it boils down to one core rule: no alliance. Essentially, without a formal alliance treaty, a given country would not be allowed to establish a military base on Vietnam's soil and neither could Vietnam make use of the relationship to target a third country.

Then why has Vietnam laid so much emphasis on the "no alliance" principle?

First, having gone through an arduous struggle for independence and unification, Vietnam has always valued its independent foreign policy and refrained from any action that may compromise this principle. *Second*, historical lessons from the Cold War era, especially the antagonistic relationship with China since the late 1970s until 1991 due to Vietnam's tilting towards the Soviet Union at the expense of China, have cautioned Vietnamese leaders that alliance politics may backfire and put the country in a disadvantaged strategic position. *Third*, China's rise to global power status causes Vietnamese leaders to become even more prudent in taking any action that may offend Beijing. This is not only because Vietnam, as a neighbour, will get a harder blow when China vents its anger and flexes its muscles, but also because Vietnam's communist leaders tend to view their counterparts in Beijing as key allies in the safeguarding of their regime. Moreover, the economic opportunities that China brings also soften intentions of pursuing any strategic initiatives that may destabilize bilateral relations. As such, there is a strong incentive for the Vietnamese leadership to pursue the "no alliance" principle and to maintain a balance between China and other regional powers, especially the United States.

13.3 The Increasing Irrelevance of the "Three No's Principle"

Vietnam's "no alliance" strategy, however, is showing limitations as China has become increasingly aggressive in the South China Sea over the past decade (see Table 13.1 for more details). Such limitations were manifested in the 2014 oil rig crisis in at least four aspects.

First, during the crisis, China exhibited a high level of aggression unseen since the 1988 Sino-Vietnamese naval clash in the Spratlys. At times, China deployed up to 140 ships of various types and forces, including naval warships, to protect the oil rig (Vietnam Television 2014). Chinese ships also rammed and fired water cannons at Vietnamese vessels. When these aggressive actions by Chinese forces were broadcast to the Vietnamese through mass media channels, a sense of brinksmanship was spread across the country for weeks and deepened Vietnamese public perception of China as a major threat. Against this backdrop, it can be argued that the "no alliance" policy is only relevant when Vietnam faces no grave threat to its

Table 13.1 Timeline of China's increasing assertiveness in the South China Sea since 2007

Time	China's major actions
2007, July	China established the prefecture-level city of Sansha to administer the Spratlys, the Paracels and the Macclesfield Bank
2007, July 7	A Chinese naval ship opened fire at Vietnamese fishing boats near the Spratlys
2007, August	China opened tourist cruises to the Paracels
2009	China extended the annual fishing moratorium in the South China Sea to three months[a]
2009, March	Chinese vessels harassed US surveillance ship USNS *Impeccable* off Hainan Island
2009, May	China formally presented a nine-dash-line map to the United Nations as a basis of its maritime claims in the South China Sea
2009, June	A Chinese submarine collided with a US destroyer's towed sonar array
2010, August	A Chinese manned submarine planted a Chinese flag on the sea bed of the South China Sea
2011, March	Two Chinese patrol boats forced Philippine seismic survey vessel MV *Veritas Voyager* to withdraw from waters near Reed Bank
2011, May and November	Chinese ships cut seismic cable of Vietnam's survey vessel *Binh Minh 02* within Vietnam's EEZ
2011, June	Chinese ships cut seismic cable of Vietnam's survey vessel *Viking 2* within Vietnam's EEZ
2012, April–July	China maritime enforcement ships drove Philippine vessels out of the Scarborough Shoal after a three-month stand-off and seized *de facto* control of the shoal
2012, June	China opened international bids for 9 blocks within Vietnam's EEZ
2012, November	China issued electronic passports with nine-dash-line map
2012, November	China allowed Hainan police to board and search ships in disputed waters in the South China Sea
2014 March	China imposed a blockade on the Philippine-held Second Thomas Shoal in the Spratlys
2014, May–July	China anchored its deepwater drilling rig *Haiyang Shiyou 981* in Vietnamese EEZ and deployed over 80 vessels, including naval warships, to protect the rig. Chinese vessels rammed and fired water cannons at Vietnamese ships
2014 (ongoing by June 2015)	China undertook land reclamation and constructed artificial islands on seven submerged features in the Spratlys

Source: Author's own compilation based on various media sources
[a]China first imposed the moratorium in 1999

independence and territorial integrity. In the face of a serious and pressing military threat, an insistence on the "no alliance" policy will unnecessarily deprive Vietnam of much-needed strategic flexibility and further disadvantage the country vis-à-vis a much more powerful rival.

Second, the crisis showed the vast disparity between the two country's power and capabilities. While China normally mobilized from 80 to more than 100 ships of various types to protect the oil rig and obstruct Vietnamese vessels (Vietnam

Television 2014; *VnExpress* 2014b), Vietnam reportedly dispatched only 29 ships to the crisis zone (Brummitt 2014). As the Vietnam Coast Guard (VCG) and particularly the Vietnam Maritime Resources Surveillance (VMRS)—the two key forces that Vietnam deployed to the area—were still in their initial phase of force building, the number of their vessels was limited. The level of damage that Chinese ships caused to Vietnamese vessels even raised the fear among some Vietnamese analysts that Vietnam might not have enough vessels to confront China in the waters surrounding the rig if the crisis was prolonged (Thayer 2014c). The confrontation over the oil rig therefore highlighted the power asymmetry between the two countries, causing the "no alliance" policy to become even more questionable as Vietnam will not be able to effectively resist China's military coercion on its own.

Third, by aggressively deploying the oil rig into Vietnam's EEZ, China ignored the agreement reached between the two countries' leadership that both sides would not seek to escalate tensions in the South China Sea.[5] In the initial stages of the crisis, China even turned a deaf ear to Vietnam's repeated requests for negotiations.[6] After the crisis, China continued to pursue escalatory actions by building artificial islands in the Spratlys. Vietnam's hedging strategy in general and the "three no's principle" in particular have therefore proven not to be effective enough in deterring China's aggression in the South China Sea. In other words, the crisis has forced Vietnam to rethink its China policy, especially the "three no's principle".

Fourth, the crisis showed that international support, especially from powerful and influential partners, played an important role in boosting Vietnam's "just cause" and pressured China to de-escalate tensions. During the crisis, statements from the United States, Japan, the Philippines, India and Australia, which either condemned China's actions or asked both parties to peacefully resolve the dispute in accord with international law, all tended to delegitimize China's actions. For example, the US Senate passed a resolution (S. RES.412) on July 10 calling on China to withdraw the oil rig and accompanying ships, and Deputy Assistant Secretary of State Michael Fuchs also called for a "freeze" in China's provocative actions on July 11 (Thayer 2014a). Meanwhile, apart from statements dismissive of China's actions during the crisis, Japan also announced in early August 2014 that it would provide Vietnam with six patrol vessels as part of an aid package (*The Asahi Shimbun* 2014). These gestures brought home to Vietnamese strategists the fact that

[5] For example, during CPV General Secretary Nguyen Phu Trong's visit to China in 2011, the two sides signed an agreement on fundamental principles guiding the solution of maritime issues between the two countries. Principle number three provides that the two sides adhere to the "principles and spirit" of the Declaration on the Conduct of Parties in the South China Sea (DOC) which provides, among other things, that "the Parties undertake to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability" (ASEAN 2002).

[6] Within the first month of the crisis, Vietnamese officials contacted Chinese counterparts at different levels and through various channels more than 30 times to request China's withdrawal of the rig and initiation of negotiations. All were to no avail (Quyet 2014).

external support was essential to the country's efforts to defend its interests in the South China Sea.

On 15 July 2014, China finally announced the withdrawal of its oil rig.[7] However, bores were left behind, both on the sea bed and in the mutual confidence between the two countries. The incidence also caused a number of Vietnamese scholars and intellectuals to call for alliances with like-minded countries to counteract China's aggression in the South China Sea (see, for example, Cong 2014; Hiep 2014a, b; Huy 2014; Vu and Nhi 2014). Among foreign policy makers, there was less open debate as the topic remains a sensitive issue, but some have hinted at the idea of pursuing alliance politics. For example, Hoang Anh Tuan, Director General of the Institute for Foreign Policy and Strategic Studies, stated in an interview that Vietnam's internal strength is not sufficient to secure its interests in the South China Sea. Instead, the country "must combine the strength of the nation with that of the time and international supports" as it did in the previous national liberation wars (*Lao Dong* 2014).[8]

The above analysis shows that it is becoming increasingly necessary for Vietnam to pursue alliance politics to deal with China's coercion in the South China Sea. However, the question whether such a move is feasible or not, remains.

13.4 The Case for Vietnam's Pursuit of Alliance Politics

Indeed, emerging trends in the regional geopolitical landscape as well as bilateral conditions have made it increasingly feasible for Vietnam to pursue alliance politics to deal with China in the South China Sea.

First and foremost, Vietnam is unlikely to face the same problems that arose from China's hostility in the late 1970s. After Hanoi established an informal alliance with Moscow through an agreement of friendship and cooperation in November 1978, Beijing reacted strongly by putting tremendous diplomatic and military pressures on Hanoi, which culminated in a brief yet bloody border war in early 1979 and prolonged tensions between the two countries throughout the 1980s. The historical lesson for Vietnam during this episode was that it would be unwise to

[7] The reason China cited for the withdrawal was that the drilling and exploration operation "was smoothly completed on schedule [...] with the oil & gas shows found" (China National Oil Corporation 2014). However, according to Thayer (2014a), three other factors also played into China's decision: safety concerns due to Typhoon Rammasun, US political and diplomatic pressure, and China's wish to prevent Vietnam from escaping its orbit.

[8] Tuan paralleled such an approach to the "three revolutionary currents" theory that CPV Secretary General Le Duan promoted during the Vietnam War. The theory, which posited that international relations after World War II were driven by socialist and national liberation revolutions in the Third World as well as workers' movements in capitalist countries, helped North Vietnam, as a symbol of socialist and national liberation revolutions, to gain moral and material support from its allies, especially China and the Soviet Union, in its war against America.

ally itself with a foreign power to counter China. As a result, a segment of the Vietnamese leadership now tend to think that pursuing alliance politics to counteract China's aggression in the South China Sea may generate similar strategic costs for the country.

However, historical lessons may be a faulty guide for the future, especially when historical conditions have changed. Unlike the 1970s and 1980s, Vietnam is now in a much better position to avoid the strategic costs that China could previously impose on the country.

First, economically, it is now hardly in the interest of China to start an armed conflict with Vietnam. Unlike in 1979 when China had just started its "four modernizations" and remained relatively isolated, China today is the second largest economy in the world (World Bank 2014, pp. 12–16) with robust international economic links. Therefore, an armed conflict with Vietnam, which will likely generate negative impacts on China's economy, especially the southern commercial hubs of Guangzhou and Hong Kong, should be the last course of action that Chinese strategists contemplate. Moreover, growing bilateral economic interdependence through trade and investment links also discourages China from taking military actions against Vietnam.[9]

Second, although Vietnam is no match for China in terms of military power, it can still impose considerable costs on China if an open armed conflict between the two countries breaks out. For example, some Vietnamese strategists have suggested that should open armed conflict take place, Vietnam could counteract China's attacks by using missiles to target China's southern cities, or deploy its submarines and warships as well as coastal ballistic missiles to raid Chinese merchant ships and oil containers passing through the southern part of the South China Sea. Vietnam is also said to possess coastal ballistic missiles that are in range of China's naval bases on Hainan and Woody islands (Thayer 2014c). All these new capabilities of Vietnam, coupled with the higher economic stakes involved, may impose high costs on China's military actions, thereby deterring China from attacking Vietnam militarily the way it did in 1979.

Third, the current international strategic setting is also markedly different from the late 1970s. After China normalized its relations with the United States on 1 January 1979, the two countries became *de facto* allies in their containment of the Soviet Union—their common strategic rival. Consequently, Hanoi – as an ally of Moscow—became a convenient target for both Beijing and Washington. At the same time, Vietnam's international isolation following its military intervention into Cambodia further facilitated China's military actions. In other words, in the late 1970s, Vietnam's strategic and diplomatic posture was so weak and vulnerable that China essentially had a free hand to "teach Vietnam a lesson". Currently, however,

[9] For example, in 2014, bilateral trade turnover reached US$58.78 billion. By the end of 2013, China also ranked as the seventh largest foreign investor in Vietnam in terms of accumulative registered capital stock (GSO 2014, p. 179).

the strategic tides have turned in Vietnam's favour and China faces significant constraints that tend to limit its freedom to act vis-à-vis Hanoi.

Unlike 1979, China is now a competitor rather than a strategic partner of the US. In 1979, China was weak, and barely a threat to Washington's regional interests. However, China's unprecedented economic and military rise over the past three decades has posed an increasing threat to US regional and global primacy. China's proposal of a "new type of great power relationship" between the two countries and President Xi Jinping's recent initiatives such as the Asian Infrastructure Investment Bank, the New Development Bank,[10] the New Silk Road, the Maritime Silk Road, for example, are signs of a more confident China that has grown out of Deng Xiaoping's "tao guang yang hui" mantra to seek a power status on par with the US. Washington is therefore recalibrating its foreign and strategic policies to deal with these challenges. Apart from key initiatives such as the "rebalancing" to East Asia and the Trans-Pacific Strategic Economic Partnership, Washington is also strengthening ties with regional allies and partners to gain a better strategic position over China. Vietnam, as an important neighbour of China and a main party to the South China Sea disputes, has become one of the key partners with which the US is trying to foster stronger strategic relations. Meanwhile, growing perception of the China threat due to Beijing's fast expanding hard power as well as its increasing assertiveness in territorial and maritime disputes with neighbours has also alarmed major regional powers like Japan and India, further undermining Beijing's regional strategic posture.

On its part, Vietnam is now no longer the global pariah state it used to be in the 1970s and 1980s. Its foreign policy of "diversification and multilateralisation" under *Doi Moi* has earned the country a significantly enhanced international status, enabling it to better weather China's diplomatic pressures. In late 1978, for example, Vietnam had diplomatic relations with only 98 states, most of which were in the socialist bloc and the Third World (MOFA 2013). But by 2015, Vietnam has established diplomatic ties with 180 countries around the world, including all the five permanent members of the UN Security Council. Vietnam has also become a member of ASEAN and entered into comprehensive or strategic partnerships with 15 other major states. In other words, the current regional and bilateral conditions show that while China faces mounting strategic constraints, Vietnam has more resources and options to handle military and diplomatic pressures from China.

In sum, pursuing alliance politics has become an increasingly necessary and feasible option for Vietnam to deal with China's assertiveness in the South China Sea. Yet, the key challenge for the country is how to undertake such a shift given the fact that it will inevitably displease China. The next section will address this question and provide a brief analysis of Vietnam's silent shift towards alliance politics over the past few years.

[10] Formerly referred to as BRICS Development Bank.

13.4.1 How Has Vietnam Pursued Alliance Politics?

Although Vietnam has long hoped that it can maintain a friendly and stable relationship with China and protect its national interests in the South China Sea at the same time, the two goals have become increasingly incompatible. The 2014 oil rig crisis, in particular, was a crucial event that woke the Vietnamese leadership up to this reality. Nevertheless, Vietnamese leaders keep stating that Vietnam will not join any military alliances against third countries [read: China]. For example, in a press conference during the oil rig crisis, while condemning China's actions and stating that Vietnam would not trade its sovereignty and territorial integrity for an "illusionary friendship", Prime Minister Nguyen Tan Dung reiterated this position and confirmed "no alliance" as a consistent foreign policy of Vietnam (*VnExpress* 2014a). There are a number of reasons why one should look beyond these official statements to gain a better understanding of Vietnam's transforming strategy vis-à-vis China.

First, although Vietnam is worried about China's assertive moves in the South China Sea, at least a segment of its leadership tend to hope that these are temporary and China will refrain from excessively aggressive measures in the future. From this perspective, a decisive turn to alliances with third countries to counteract China may be unnecessary or at least premature, and maintaining a good relationship with Beijing should remain a priority. Such a mindset is reflected in Vietnam's decision to dispatch senior diplomats and defense officials to Beijing to mend relations after the crisis. However, although such a response makes sense in the short term, it underestimates the long-term trend of China's increasing assertiveness in the South China Sea. China's decision to build artificial islands in the Spratlys right after the oil rig crisis cooled down and when the two countries were presumably working to fix their relations is a case in point.

Second, official language may be misleading, and what "alliances" in Vietnam's official statements means matters. Vietnam may not join formal treaty alliances, but it can pursue, and is indeed pursuing, soft and informal alliances in the form of strengthened "comprehensive" and/or "strategic" partnerships with a number of countries, especially in the field of security and defense cooperation. Therefore, the fact that Vietnam will not enter into formal alliance treaties with regional powers does not mean that alliance politics is not an option for Vietnam to counteract China's assertiveness.

Third, even when there is a shift in Vietnam's China strategy, one should not expect Hanoi to declare it openly. Vietnam's position as a junior neighbour to China, coupled with the rather close relationship between the two communist parties, makes it necessary for the Vietnamese leadership not to publicly offend their Chinese counterparts. Therefore, instead of grounding our analyses on Hanoi's official statements, we should look at what it is actually doing to gain a more accurate assessment of its China strategy in general and its alliance politics in the South China Sea in particular.

The next part of this section will examine Vietnam's recent strategic rapprochement with key partners, namely the Philippines, Japan, and the United States, as case-studies of Vietnam's gradual shift to alliance politics in the South China Sea.

13.4.1.1 The Philippines

The Philippines and Vietnam are "natural allies" in their common struggle against China's attempts to expand in the South China Sea. Both countries have the most overlapping claims with China, especially in the Spratlys, and have fallen victims to China's coercive measures a couple of times.[11] Consequently, the two countries have strengthened their coordination and cooperation in response to Beijing's increasing assertiveness.

The two countries' coordination regarding South China Sea issues date back to the mid-1990s, after Vietnam joined ASEAN. In November 1995, Vietnam and the Philippines adopted the Joint Statement on the Fourth Annual Bilateral Consultations which contained eight principles of conduct in the South China Sea. Based on this joint statement and some other official documents of ASEAN, especially the 1976 Treaty of Amity and Cooperation, the two country jointly drafted an ASEAN code of conduct under an assignment by the ASEAN Regional Forum (Thao 2001, p. 114). Due to disagreement regarding the scope of application, however, this draft ended up being adopted as the 2002 ASEAN–China Declaration of Conduct of Parties in the South China Sea (DOC) instead of a formal, legally binding Code of Conduct (COC).

Since the late 2000s, bilateral defense cooperation has also been strengthened due to shared concerns over China's increasing assertiveness in the South China Sea. For example, during Philippine President Benigno Aquino's visit to Vietnam in October 2010, the two sides signed an agreement on defense cooperation. One year later, during Vietnamese President Truong Tan Sang's visit to Manila in October 2011, they signed an Memorandum of Understanding (MOU) on intelligence exchange between their navies and an agreement on establishing a hot line between their coast guards (*Quan doi Nhan dan* 2011). In March 2014, the two countries' navies held staff-to-staff talks to step up exchanges in intelligence and information gathering, naval technology and training. In November 2014, two Vietnamese frigates *Dinh Tien Hoang* and *Ly Thai To* made their first-ever port call to the Philippines and engaged in a joint search and rescue exercise (Thanhnien News 2014).

In terms of diplomatic and strategic cooperation, Vietnam and the Philippines established a Joint Permanent Working Group on Maritime and Ocean Concerns in 2004 to promote bilateral maritime cooperation. In October 2011, they decided to

[11] For Vietnam, major examples include the 1988 naval clash at Johnson South Reef and the 2014 oil rig crisis for Vietnam. For the Philippines, China's grab of the Mischief reef in 1995 and the standoff over the Scarbourough Shoal in 2012 are the most notable cases.

upgrade the Working Group into a Joint Committee on Maritime and Ocean Concerns at Deputy Foreign Ministerial Level, which held its inaugural meeting in Manila in February 2012 (BBC 2012; Quan doi Nhan dan 2011). Vietnam has also endorsed the Philippines' 2013 lawsuit against China's South China Sea claims at the Permanent Court of Arbitration (South China Morning Post 2014). Most importantly, in early 2015, the two countries announced that they would establish a strategic partnership soon (The Straits Times 2015; VnExpress 2015b). Such a partnership will create the foundations for stronger bilateral strategic cooperation. It is also indicative of Vietnam's efforts to forge a *de facto*, informal alliance with the Philippines to deal with China's increasing assertiveness in the South China Sea

13.4.1.2 Japan

Although Japan is not a party to the South China Sea disputes, its interest in the freedom of navigation and the safety of sea lanes of communication (SLOCs) as well as its increasing strategic rivalry with China has turned the South China Sea into a matter of its national security. To address this concern, Japan has, among other things, strengthened its cooperation with ASEAN on maritime security and started to provide capacity-building support to a number of its members (Storey 2013). These conditions have facilitated the strengthening of strategic and defense cooperation between Japan and Vietnam over the past decade.

Vietnam and Japan entered into a strategic partnership in 2006. In 2007, the two sides established a Joint Cooperation Committee at the ministerial level and adopted a detailed agenda to promote bilateral relations in all aspects, including defense exchanges (MOFA 2007). In March 2014, during his state visit to Japan, President Truong Tan Sang and Prime Minister Shinzo Abe issued a joint statement upgrading their relations to an Extensive Strategic Partnership for Peace and Prosperity in Asia (Vietnam News Agency 2014b).

Although bilateral relations have blossomed in all fields, defense and security ties are among the newest yet fastest-developing areas of cooperation between the two countries. As Thayer (2014b) observes, Vietnam-Japan defense cooperation took shape around 2011 as tensions in the South China Sea increased. Specifically, in December 2010, the two sides launched the annual strategic partnership dialogue at the deputy foreign minister level to discuss bilateral cooperation in foreign policy, national defense and security, and regional and global issues (MOFA 2011). In 2011, Japan and Vietnam signed a MOU to expand the scope of defense cooperation, which included, among other things, defense exchanges at ministerial, chief of staff and service chief level; naval goodwill visits; annual defense policy dialogue at the deputy defense minister level; cooperation in military aviation and air defense; and personnel training (Quan doi Nhan dan 2013; Thayer 2014b).[12] In

[12] Other areas of cooperation include search and rescue, disaster relief and humanitarian assistance, counterterrorism, maritime salvage, IT training, military medicine, and peacekeeping.

early August 2014, when China had just withdrawn its oil rig out of Vietnam's EEZ, Japan announced that it would provide Vietnam with six patrol boats to support the country's maritime defense activities in the South China Sea (The Asahi Shimbun 2014). As Japan is revising its ODA regulations to legalize the provision of aid to foreign militaries, it is likely that Vietnam will get more military support from Japan in the future.

At present, Japan is perhaps Vietnam's most important strategic partner. Japan is a major power that can and is willing to help Vietnam enhance its capabilities in its struggle against China in the South China Sea. In addition, unlike the US which typically links Vietnam's human rights record to the development of bilateral ties, Japan virtually faces no major problem in advancing its relations with Vietnam. The bilateral relationship is built upon a high level of mutual trust and respect, solid economic foundations, and a considerable convergence of interest and threat perception in their maritime domains. Therefore, it is highly likely that Vietnam-Japan strategic ties, especially in the area of defense and security cooperation, will continue to thrive in the foreseeable future, providing yet another important boost for Vietnam's shift to alliance politics in the South China Sea.

13.4.1.3 The United States

The US is an emerging yet promising partner with which Vietnam is seeking to deepen its relations. Despite recent historical animosity due to US involvement in the Vietnam War, the increasing convergence of strategic interests has drawn the two former enemies closer. While Vietnam is trying to strengthen its ties with major powers to balance against Chinese pressures in the South China Sea, Washington is also interested in promoting ties with regional countries, especially China's neighbours, to quietly keep China's increasing power and influence in check. China's growing assertiveness in the South China Sea provides a convenient and pragmatic reason for the two countries to deepen their ties.

As I have argued elsewhere (Hiep 2012), the South China Sea dispute is now composed of three intertwined layers. The innermost layer involves the competition between China and individual ASEAN claimant states, including Vietnam. The middle layer is between ASEAN and China. The outermost layer is the newly emerging strategic competition between China and the United States, of which the South China Sea happens to be one of its theatres. This explains why the US is trying to involve itself more deeply in the disputes despite China's objection. Through its involvement, the US wants to ensure not only the freedom and safety of navigation in the South China Sea, but also the prospect that China's rise will not threaten regional peace and US regional and global primacy. This geo-political dynamics therefore tends to play to Vietnam's advantage.

The well-known statement by US Secretary of State Hillary Clinton at the 17th ARF (Hanoi, July 2010) that the United States "has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea" (U.S. Department of State 2010) symbolically marked

a new phase of rapprochement between the two countries. The statement, which was well received by Hanoi as it indirectly rebuked China's expansive and legally vague claims in the South China Sea, was followed by a series of developments that further elevated bilateral relations to a record high.

Soon after Clinton's statement, the two countries launched their first annual defense and strategic dialogue in August 2010 (VnExpress 2010).[13] In 2011, at the second dialogue in Washington D.C., they signed a MOU on bilateral defense relations which provided for various cooperation measures, including the exchange of visits by high ranking defense officials, maritime security, search and rescue, peace-keeping operations, humanitarian assistance and disaster relief (VnExpress 2011). A major turning point came during President Truong Tan Sang's visit to Washington in July 2013 when the two sides announced the establishment of a comprehensive partnership. In December 2013, the US announced that it would provide Vietnam with US$18 million in new assistance to help Hanoi enhance its maritime capacity, beginning with training and the provision of five fast patrol vessels to the Vietnam Coast Guard (US Department of State 2013). In a related move, in October 2014, Washington decided to partially lift its ban on lethal weapon sales to Vietnam, allowing for the transfer of US maritime security-related military hardware to Hanoi (Voice of America 2014).

In July 2014, while the oil rig crisis was going on, the US Senate passed resolution S.RES.412 calling on China to withdraw its oil rig and associated maritime forces, and condemning "coercive and threatening actions or the use of force to impede freedom of operations in international airspace by military or civilian aircraft, to alter the status quo or to destabilize the Asia-Pacific region" (US Senate 2014). In the same event, US reconnaissance aircrafts were also spotted flying low over the Chinese oil rig twice on 29 June and 2 July (Vietnam News Agency 2014a; Want China Times 2014). Although China dismissed the influence of external pressures on its decision to withdraw the oil rig in July (Thayer 2014a), US support was positively perceived in Vietnam and testified to the necessity for Hanoi to forge stronger security and defense ties with regional powers to deal with future similar crises in the South China Sea.

In 2015, Hanoi and Washington celebrates the 20th anniversary of the normalization of their relations. The anniversary presents a timely opportunity for the two countries to further deepen ties to best serve their national interest in a fast changing regional geo-strategic landscape. One of the bilateral priorities will be the exchange of visits by top leaders. In July 2015, CPV General Secretary Nguyen Phu Trong paid a historic official visit to Washington, and President Obama is expected to make a return visit to Hanoi in 2016. The visits signify a higher level of engagement between the two former enemies. They also help to build mutual trust and may pave the way for more meaningful cooperation measures in the future. In fact, such a prospect has been partly materialized in early June 2015 when the two countries'

[13] It should be noted there are also two similar but separate Vietnam-US dialogues, one is on political, defence and security issues, and the other is on the Asia-Pacific.

defense ministries signed a "joint vision statement" on defense relations during US Defense Secretary Ashton Carter's visit to Vietnam. The statement pledged to expand defense trade, including possible co-production, and bilateral collaboration on maritime security (Lynch 2015).

As such, Washington is likely to downplay the human rights issue, and one should not be surprised if it announces a complete removal of the ban on lethal weapon sales to Hanoi in the near future. On the part of Vietnam, despite the reservation of certain segments within the Party and the government, developing stronger ties with the US will remain a diplomatic and strategic priority in the years to come. Therefore, as former US ambassador to Vietnam Pete Peterson remarked in early 2015 at a conference in Hanoi, "Vietnam-US relations are now very close to the level of a strategic partnership" (VnExpress 2015a), an official upgrade of bilateral ties from the current comprehensive partnership is possibly a matter of time, although such a move may not be as important as what the two countries will actually do to strengthen their ties.

13.5 Conclusion

Although Vietnam prefers to maintain a balance between China and other partners, especially the United States, China's increasing assertiveness in the South China Sea has forced Vietnam to pursue alliance politics as a key measure to handle Beijing's pressures. Although a segment of the Vietnamese leadership is concerned about possible negative consequences of such a strategy, they will have no other option should China continue to forcefully assert its claims in the South China Sea. Moreover, the current regional geo-strategic dynamics, in which China is facing growing rivalry from the US and Japan, is also conducive to such a move by Vietnam. As a result, despite repeated statements from Vietnamese officials that Vietnam will not abandon its so-called "three no's principle", one can observe Hanoi's quiet shift towards alliance politics through its continuous efforts to forge stronger security and defense ties with key partners, most notably Japan, the US and, to a lesser extent, the Philippines.

Vietnam, however, will not likely to enter into formal, treaty-bound alliances with these and other partners as such arrangements will limit its policy options and unnecessarily exacerbate its already tense relations with China. The most likely scenario is that, while seeking to strengthen security and defense ties with important partners, Vietnam will modulate the pace and intensity of such efforts to best respond to China's actions in the South China Sea. Vietnam's overall strategic objective is to protect its interest in the South China Sea while avoiding the possibility of ending up in an armed conflict with China.

Vietnam's alliance politics in the South China Sea is therefore for defensive purposes, and will probably wither away once China adopts a peaceful and law-based approach to the disputes, or the disputes themselves are eventually solved in a peaceful manner. Given China's maritime ambitions and its growing

power, however, these conditions are hardly realistic, at least in the near future. Therefore, Vietnam's alliance politics in the South China Sea will likely continue and contribute to the region's transforming geo-political dynamics in the years to come.

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Chapter 14
'Coopetition' and Risk Tolerance in the South China Sea: Indonesia and Malaysia's Middle Power Strategies

Bruno Hellendorff

14.1 Introduction

Territorial and maritime disputes in the South China Sea are a complex and longstanding issue[1] but have recently gained in visibility for the regional security stakes they convoke. Since 2009/2010, South China Sea tensions are considered more and more a litmus test for China's "peaceful" rise. In this regard, they often serve as an indicator of whether Beijing will fall prey to the "tragedy of great power politics"[2] or find satisfaction in the confines of existing international rules.

Realist analyses often frame South China Sea disputes as a strategically coherent China[3] confronting a divided Association of Southeast Asian Nations (ASEAN). On most occasions, they also consider this opposition function of the Sino-American great power rivalry—their main actual focus. This is only logical, as they are most concerned with structural determinants to the action of states. Additionally, the realist school of International Relations (IR) theory is traditionally focused on great power politics. Lesser powers are often analytically relegated to environmental variables rather than actors of their own right. So too are regional institutions—formal or else.

[1] Till (2009).

[2] Mearsheimer (2001). See also: Liff and Ikenberry (2014).

[3] A view that separates the strategy of influence constructed by the Party's elite—enshrined in official declarations and doctrines such as the "periphery diplomacy"—from its policy implementation, which can give way to inconsistencies, incoherencies or mishaps.

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If only for structural conditions, the South China Sea seems indeed "ripe for rivalry".[4] The rise of China and its military buildup are upsetting the regional balance of power to an extent not seen since Imperial times. Prospects of a hegemonic war are thus growing, only counterbalanced by the possibility that coalition-building within ASEAN contribute to restore some balance, but at the cost of aggravating the regional security dilemma.

Is conflict inevitable, as authors like Richard Kaplan or Jonathan Holslag argue[5]? Critics reasoned that such line of thinking misinterprets the overall context in which tensions take place, or tends to overemphasize China's destabilizing role.[6] Studies premised on other (mostly liberal or constructivist) or multiple paradigms have found in ASEAN's norms-building record, in economic interdependence and in the multiplication of trust-building and information-sharing mechanisms portents to potentially different outcomes to South China Sea disputes than war.[7] Certainly enough, conflict in the South China Sea is not solely dependent upon China's policies; the choices made by Southeast Asian actors have a tremendous importance. Further consideration of these choices is made all the more necessary that traditional IR theory tends to oversimplify them as mostly reactive.

This paper contributes to the literature by granting a greater sense of agency to Southeast Asian countries in the wider context of a regional power shift. It does so in two steps, considering their collective and individual choices separately. First, it sketches the reasons why framing ASEAN's contribution to stability in the South China Sea in terms of integration versus division is counterproductive. A sole focus on regional power distribution misses ASEAN's value, which is intrinsically relational. Resorting to rational choice institutionalism, it shows that ASEAN provides an additional layer of "coopetition" between actors of the system which partially offsets the weight of structural drivers of conflict. This assertion is tested in the second part, where middle power theory is discussed and applied to Indonesia and Malaysia's policies vis-à-vis China and South China Sea disputes. Middle power theory is regaining considerable momentum in the literature.[8] The consideration of Malaysia and Indonesia's regional identities and roles, and their position vis-à-vis China in South China Sea disputes, thus feeds into this growing field of enquiry and practice. It also links the two case studies to the prior theoretical analysis of ASEAN countries' collective and individual choices.

In this manner, the two conventional arguments pushing the idea that cooperation might prevail over competition in the South China Sea, i.e. institution (ASEAN)-driven socialization and interdependence, are critically assessed. This paper finds that ASEAN provides strategic opportunities for its members and external partners, which can reinforce or counterbalance structural drivers of

[4] From the now famous expression coined by Friedberg (1993–1994).

[5] Kaplan (2014), Holslag (2015).

[6] See: Li (2012).

[7] See for instance: Acharya (2014a).

[8] Suffice it to mention Gilley and O'Neil's (2014c) last book.

conflict. It also finds that Indonesia and Malaysia's risk-taking behaviors are in line with their middle power identities and policies. In sum, this paper argues that the strategies of Southeast Asian countries are more risk-tolerant than usually assumed, and that ASEAN reinforces the composite aspect of these strategies.

14.2 The Collective Choices of ASEAN States

14.2.1 The Strategic Evolution of the Sino-ASEAN Relationship

Since the end of the 1970s and Deng Xiaoping's reforms, China's foreign policy and relationship to its neighbors evolved from confrontation to a more cooperative stance. Seen from Beijing, a peaceful neighborhood appeared necessary to concentrate on domestic reforms and development. In the early nineties, after years of mutual suspicion and outright defiance, China and ASEAN states substantially improved their relationship. China joined the ASEAN Regional Forum in this period, demonstrating a commitment to multilateralism unseen before. In 1992, Beijing even agreed to a Declaration on the South China Sea with then six-members strong ASEAN. As ASEAN expanded to include Myanmar, Vietnam, Laos and Cambodia, suspicion against China lingered, but the building blocks of a positive relationship had been laid down.

A « periphery diplomacy » was instituted by Beijing in 1997, and gradually consolidated. Its objective was to foster a rapprochement with close neighbors, buttress the country's regional clout, and make it a springboard for global influence. The same year, the first ASEAN-China summit was held. A dedicated political rhetoric had been instituted in the overall China-ASEAN relationship.[9] Then came the turn of the century and, just before that, the Asian crisis of 1997/1998. China's policies during this defining moment earned it the respect of its Southeast Asian neighbors, and helped them overcome the last remaining obstacles to the full realization of political relations with China.

Under Hu Jintao, "soft power" was consolidated as integral part of the periphery diplomacy, as the best vehicle to foster an "amicable, peaceful and prosperous" environment.[10] It accompanied and framed a considerable rise in trade and investments with Southeast Asia as a whole. In October 2007, Hu Jintao stated that China would "implement a free trade area strategy, strengthen bilateral and multilateral economic and trade co-operation".[11] Through this so-called "charm offensive",[12] China became in less than a decade one of the main partners of ASEAN, the economic growth engine of the greater region and a predominant power whose

[9] See: Zheng and Tok (2008).
[10] Zhang (2010), Ding (2008).
[11] Quoted in: Cheng (2013).
[12] Kurlantzick (2007).

sympathy was increasingly sought after. By the mid-2000s, the economies of most Southeast Asian countries had become greatly entangled with that of China, and political relationships were overall thriving. Even the US "war on terror" contributed to this rapprochement. In the post-9/11 world, China was rapidly included in the group of countries that fought terrorism, hence opening up the prospect of security and military cooperation with Beijing. The war on terror also contributed to the impression that the US was much more preoccupied by Middle East security and politics than South Pacific affairs.

In 2010, a profound change marked the strategic environment of the China-ASEAN relationship. The result of China's rising status in East Asia had prompted the US to reassess their perception of, and strategy in the region. After a period of relative—and officially unrecognized—neglect, Washington reoriented its attention towards East Asia through a so-called "pivot", later rebranded "rebalancing" effort. Stemming from a broader interrogation on the place and role of America in the world, the "pivot" came to embody the Obama Administration's best bet on how to preserve US global pre-eminence despite a shifting balance of power with China. However, budget constraints imposed an additional exercise of creativity and flexibility on US policymakers, impacting the web of alliances and near-alliances that connect Washington to the region and its relationship with China. Whether a "natural evolution", driven by external events—such as the US "pivot"—or, as is most likely, as a combination of both, China's foreign policy appeared to take a more assertive turn in a similar timeframe. Southeast Asia then emerged as a prime area of this developing great power competition.

ASEAN states welcomed America's return to the region. A competitive environment provided more opportunities for them to raise the stakes vis-à-vis external partners, and enhance their international status. In such context, the development of ASEAN took a particular significance. Starting in the late 1990s, ASEAN turned into the "hub" of most regional integration initiatives (including the ASEAN Regional Forum, the East Asia Summit, the ASEAN + 3 meetings, the ASEAN Defense ministers meeting +, etc.). Via ASEAN, Southeast Asian states have been able to simultaneously engage China and the US, as well as other partners such as Australia, Japan, India, or the EU... Conversely, ASEAN had come to represent an opportunity for great powers to engage the region in "soft" terms, so as not to lock each other into a struggle for mutually exclusive spheres of influence. In short, ASEAN's evolution made it a useful venue for institutional strategies and tactics by all parties involved: member states and external powers. As expressed by Valencia in 2011, "with Washington's rebalancing and China's rise, [ASEAN] has assumed new strategic importance, and there is an ongoing US-China contest for the hearts and minds of the association and its members".[13]

[13] Valencia (2012).

14.2.2 ASEAN "Strategic Division"

The strategic value of ASEAN to its members and partners is a topic that garnered considerable academic and policy interest since its inception. This interest stems from its success as East Asia's "central" regionalist initiative but also from the puzzle that its sustained division has represented to theory-driven expectations that a power transition context would push greater integration. Realist analyses often conceive ASEAN division as the result of incompatible national perspectives. They are also inclined to consider it a hindrance to stability, because of their focus on the power asymmetry between China and its Southeast Asian neighbors. Liberal and constructivist visions of ASEAN emphasize the "socializing" role of the Association but similarly fail, most of the time, to conceive its division as the outcome of shared strategic perspectives within its ranks. Rational choice institutionalism offers an alternative to most such analyses. It provides the opportunity to consider ASEAN division vis-à-vis the rise of China and its repercussions in the South China Sea as stemming at least partially from parallel, if not similar strategies.

Rational choice institutionalism represents the application of rational choice postulates[14] to institutional theories—a discipline that gained considerable momentum as a reaction to the behaviorist "revolution" of the 1960s.[15] As such, it is far from a definite "school" or paradigm.[16] In 2000, Peters argued that there are three distinct versions of rational choice institutionalism, among no less than seven types of "institutionalism": principal-agent models; game theoretical approaches, and rules-based models.[17] Institutional theories have thrived in the realms of political science and comparative politics. In the IR subfield, they found a fertile substrate in the referential works of such authors as Mitrany or Haas, and were put to use by Keohane, Krasner, Grieco, Lake and many others.

Rational choice institutionalism postulates that institutions are primarily determined by the strategies of rational actors seeking to maximize their interests.[18] Their main purpose is to offset the costs and uncertainty associated with collective action. Institutions help guarantee the complementarity of other countries' behavior, by means of socialization, rules (formal or else) and diffusion of information. In this sense, they help overcome what Hall and Taylor called "collective action dilemmas", i.e. when uncertainty deters strategically-conscious actors from pursuing cooperative policies.[19] In other terms, institutions lower the cost perceived by one state to be associated with potentially uncooperative behavior by another state. This certainly fits the rationale that presided over the creation, enlargement and development of ASEAN.

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[14] See for instance: Satz and Ferejohn (1994), Hausman (1995).

[15] Fiorina (1995).

[16] Kamel (2009).

[17] Peters (2000).

[18] Shepsle (2006).

[19] Hall and Taylor (1996).

Rational choice institutionalism has been criticized for being preoccupied with models and theory rather than with facts,[20] and for failing to account for institutional change.[21] Still, bearing these caveats in mind, the premise that institutions are molded by the interaction of its constituent parts' individual strategies, in this case states pursuing their interest in conditions of power asymmetry,[22] is most useful to address the following three questions: firstly, how can ASEAN effectively help its member states pursue individual strategies? Secondly, given its institutional development, has the Association become a security actor *per se*? Thirdly, does ASEAN's institutional and diplomatic evolution foster the development of an effective multilateralism in strategic matters? In other terms, is ASEAN's evolution likely to lead to coalition-building among its members? Addressing these questions will help determine the share of collective and individual strategizing behind ASEAN's evolution and identity today.

Firstly, ASEAN has proved especially useful to its member states as a "central" feature of the evolving East Asian order. In 2003, Liselotte Odgaard wrote that ASEAN states were in agreement that stability in their premises was function of "the structure of deterrence that is consolidated between the USA and China".[23] This agreement was the basis of these states' preference for "hedging" over balancing or bandwagoning options. Hedging, in such context, was about "not having to choose one side at the obvious expense of another".[24] Many other terms have been used in the literature to account for the "middle-range options" ASEAN states have sought vis-à-vis the rise of China, but capture the same meaning: avoiding the unacceptable costs of either outright balancing or bandwagoning.[25]

Refusing to choose between China and the US represents for Southeast Asian states the opportunity to maximize their economic interests (through integrating their economy to that of China) while ensuring a continuous level of power equilibrium in the region (through welcoming the US pivot). Navigating through the turbulences of a great power relationship as a third party is a complex endeavor, requiring adequate vehicles and tools. ASEAN provided some of these tools, as well as the medium, needed by Southeast Asian states to avoid marginalization.[26] The complementarities offered by ASEAN itself, the ASEAN + 3 (APT) format and the East Asia Summit, and the deliberate use of this triplet by Southeast Asian states to manage regional stability[27] are testament to the strategic value of ASEAN-led mechanisms.[28]

[20] Green and Shapiro (1996), Steinmo (2001).

[21] da Cunha Rezende (2009).

[22] Acharya (2009).

[23] Odgaard (2003).

[24] Goh (2005a).

[25] Baviera (2013).

[26] An argument previously made in: Hellendorff (2014).

[27] Remarks of Ambassador Ong Keng Yong, former Secretary-General of ASEAN. Brussels, 10 February 2015.

[28] See also: Green and Gill (2009a).

In short, hedging is a risk management strategy, not a risk avoidance strategy: it is about pursuing interests rather than just survival. In such context, Keohane's line that institutions help states "adjust" one to another by lowering transaction costs aptly captures the interest of ASEAN for its members.[29] Through ASEAN-led mechanisms, Southeast Asian states found the collective weight needed to individually pursue hedging strategies. As a matter of fact, ASEAN provided a guarantee that foreign powers—all eager to push their own agenda through the Association—would not corner its members into an unwanted choice. As explained by Pempel, "most regional bodies [...] still reflect the preeminence of individual state strategies rather than any collective predisposition toward multilateralism per se".[30]

Secondly, ASEAN's institutional development has substantially impacted the region's security environment. The economic integration of Southeast Asia has greatly progressed under the Association's auspice. The socio-cultural "leg" of ASEAN's integration roadmap has also been rather successful, framing and contributing to a never-seen-before regionalization process. The ratification of the ASEAN charter also made the Association a real actor in the region's diplomatic landscape. It has become a central actor in the South China Sea disputes negotiations. Still, ASEAN's political-security integration is slow. Notwithstanding the post-2015 goals of ASEAN integration, there is no indication that ASEAN as an institution may participate to power politics in its region in a foreseeable future.

However, expecting such evolution would amount to mistakenly consider ASEAN a supranational project, which in fact it is not. Its main mission has rather proved, in the narrower context of Sino-ASEAN relations, to be a "socializing" platform.[31] This quest for the normative command of the region's changing order has had palpable effects on the tenets of regional stability. As expressed by Acharya, "socialization and institution-building are to be seen not merely as adjuncts to the balance of power dynamics, but as shapers of the regional balance of power".[32] In sum, ASEAN is a venue through which its member states can simultaneously engage China, "enmesh"[33] it into a series of ties, institutions and norms, and softly balance it.[34] This role granted to the Association by its members is already conferring it a specific identity, and not just a function. Additionally, ASEAN as an institution has been granted, at the very least nominally, a status of agenda-setter in Asia-Pacific regionalist dynamics, and it is increasingly active on conflict management issues.

Thirdly, while ASEAN's formalization and development materialized the rise of effective multilateralism in the regional order, bilateral relationships remain relevant. ASEAN stays deeply divided, especially with regards to the best ways of

[29] Keohane (1984). See also: Weber (1997).

[30] Pempel (2010).

[31] See for instance: Zhang (2012).

[32] Acharya (2005).

[33] Goh (2005b).

[34] Khong (2004), Brooks and Wohlforth (2005).

responding operationally to the rise of China, and managing South China Sea disputes. "Behind the language of "community building" there is intense rivalry and debate regarding the form, function, and norms of regional integration and institutionalization", wrote Gill and Green.[35] ASEAN division does not just leave bilateral relationships prevalent by default. To external powers, regional integration is a strategic incentive to develop preferential treatments with one or several member states: bilateral relationships offer greater opportunities to leverage power asymmetry, "wedge" coalitions in the building and address sensitive issues of sovereignty than multilateral arrangements. Managing power asymmetry is a complex exercise. In any unbalanced relationship, the junior side is under greater pressure than the senior side, and has less options at its disposal for imposing its own preferences.[36]

14.2.3 ASEAN's Value Lies in "Coopetition"

ASEAN's particular history does make it vulnerable to internal dissension. But considering this dissension as part of ASEAN's political design and strategic value (to its members) leads to an interesting finding consistent with the premises of rational choice institutionalism (though not of rational choice institutionalism itself, as a programme of research preoccupied by models and simulations). ASEAN division is partly a function of its members' divergent strategies and approaches to regional stability. It is also a useful condition for its members to put a premium on bilateral relationships with external partners. To illustrate this argument, Malaysia has benefitted greatly from its "silent treatment" of the South China Sea disputes, as will be made clear below. Contrarily to what happened with the Philippines or Vietnam, Beijing did not oppose Malaysia's exploitation of South China Sea hydrocarbons. Similarly, Cambodia's role in the 2012 ASEAN Summit it was chairing (which failed to issue a joint communiqué) could be conceived as another indication of bilateral ties with an external power taking precedence over multilateral considerations and ASEAN solidarity. In this case, Cambodia may not have gained much, but power asymmetry and economic dependence had rendered the country more exposed to the pressure of Beijing. The example of Cambodia is also interesting for the two additional points it raises. The first is that Cambodia has had to manage a dual power asymmetry, vis-à-vis not just China but also fellow ASEAN members. ASEAN division is therefore an unequal opportunity for its various members. The second is that ASEAN political division has reinforced rather than mitigated the reputational impact of Cambodia's position. Leaked information have made Cambodia the culprit of ASEAN's first "big miss" in its summit history, for its refusal to single out China on the South China Sea issue

[35] Green and Gill (2009b).

[36] On Asymmetry theory, see: Womack (2004).

despite a majority consensus.[37] It is not so much because Southeast Asian states did not agree that the Summit was considered a failure (previous disagreements had not impeded the Chairs from issuing a joint communiqué at the end of every Summit); rather, it was because they did not all agree to disagree. ASEAN division can therefore be a counterintuitive push for less formal, ad hoc cooperative undertakings by a number of its members. In the wake of the 2012 Phnom Penh Summit, Indonesia Foreign Minister Marty Natalegawa asked "How can ASEAN play a central role if it doesn't have a common position?".[38]

Until now, ASEAN division has given China considerable room for manoeuver vis-à-vis other parties to South China Sea disputes. Beijing has had the opportunity to consistently undercut ASEAN's fragile cohesion on South China Sea issues through either enticement or pressure. The recent addition of an assertive *de facto* control over land features and maritime spaces in the South China Sea has come to be labelled China's "salami-slicing" technique[39] or "tailored coercion".[40] But ASEAN division does not intrinsically block its members at the receiving end of relationship. Quite oppositely, ASEAN division actually helped its most prominent members maintain a dynamic balance between intra-regional imperatives and extra-regional negotiations, between multilateral commitments and bilateral interests.

To sum up, rational choice institutionalism provided useful premises to an alternative analysis of ASEAN division in security matters, not as a lack of shared interests or a failure of collective strategizing but rather as the outcome of a sustained interaction of individual strategies. ASEAN's changing role and identity is an iterative process between individual states pursuing their selfish interests through a specifically designed institution and this institution affecting these states' strategies. Both channels of influence can drive cooperation or competition, and often do both. States cooperate to build an institution that fits their individual expectations but simultaneously compete for maximizing the impact of their individual preferences. In return, the institution helps lower transaction costs among its members—and with external partners—pushing therefore for cooperation, but it also provides incentive to competitive behaviors in the form of "soft" balancing strategies for instance. ASEAN provides a space of "coopetition" most useful to its members, as competition has also proved part of the socialization process: the 2012 Summit crisis led to the conclusion of ASEAN's "six points on the South China Sea", a result it would paradoxically not have attained if it weren't for bilateral negotiations and pressures.

To be sure, this perspective can only account for parts of the dynamics that are ongoing within the Association or at its margins. Cooperative endeavors are many and substantial, including the commitment to a Code of Conduct in the South China

[37] See: Thayer (2012).

[38] Mogato and Grudgings (2012).

[39] Baruah (2014), Cao (2014), Haddick (2012), Farley (2014).

[40] Cronin et al. (2014).

Sea. The Association has also matured to become a diplomatic actor per se in the wider region, and a central institutional "hub". However, reaching back to the basics of rational choice institutionalism, and in the narrower context of China-ASEAN relations over the South China Sea disputes, ASEAN's "strategically useful division" certainly helps addressing the puzzle of the region's rebuttal of outright collective balancing.

14.3 Individual Strategies

14.3.1 Risk Management Strategies

Questioning the sustainability of "hedging" in times of structural change is a fundamental interrogation in the tradition of International Relations (IR). The realist school holds that the overall state of anarchy presiding to international life inherently implies that security, survival even, is every state's most basic interest. "Hedging" represents a departure from the most basic forms of security-seeking (risk-averse) behaviors that are adopted by states in reaction to changing power distribution patterns, i.e. balancing and bandwagoning. "Balancing" and the many variants the term encapsulates, represents an attempt to restore a power balance as the main guarantee to stability by means of alliances or internal reinforcement. A "bandwagoning" state bargains autonomy for security with the rising power. Security is achieved though deterrence in the first case, through accommodation in the second. Conversely, a risk-tolerant strategy would endorse a changing distribution of power in the regional system, and maximize national interest by engaging the revisionist power, and collaborating with the drivers of change. Security is here achieved through socialization and interdependence. "Hedging" is a distinct option in that it represents a risk management strategy. It is neither averse nor tolerant to risk. According to Kuik's now-classic definition, hedging in IR is "a behavior in which a country seeks to offset risks by pursuing multiple policy options that are intended to produce mutually counteracting effects, under the situation of high-uncertainties and high-stakes".[41] Security in this case, is pursued through "coopetition", i.e. cooperating and competing with the potential threat. As such, it adequately captures the essence of Southeast Asian states' perceptions and policies vis-à-vis China's rise[42] (Fig. 14.1).

The "hedging" strategies ASEAN states have implemented represent their push at maximizing their security and their interests vis-à-vis greater powers (established and rising). Such endeavors are not intrinsically new nor specific to them. It could even be argued, with a great degree of confidence, that all states pursue "hedging"

[41] Cheng-Chwee (2008). For his definition, the author refers to such previous works as Munn et al. (1991).
[42] Ibid.



Fig. 14.1 Typified security strategies

strategies rather than "purer" forms of risk-averse or risk-tolerant strategies in times of power transitions. Through the last two decades, political dialogue and economic ties between China and Southeast Asian states thrived, complemented by a politically-driven growth in institutional interconnectedness. ASEAN's development fitted the expectations of regional countries and their partners of increased institutionalized cooperation. It also served to diffuse pressures from China and the US, by means of institutional strategies that include agenda-setting, norms-building or socializing intercommunication. Overall stability was not considered under serious threat, due to the sustained structure of deterrence between the US and China. More immediate security threats, including bilateral disputes within ASEAN, terrorism, piracy and transnational crime were mostly dealt with through either self-help or "cooperative security".

The question is, as the regional power balance tilts in favor of a more threatening[43] state, in this case China, can ASEAN states maintain a sufficient level of confidence to pursue non-confrontational, non-exclusive policies? The "new" and "assertive" aspects of Chinese policies in the region remain topic of controversy.[44] In perceptual terms however, Southeast Asian countries certainly saw a different China after 2010 (and even before that[45]), for different reasons that include perceived diplomatic intransigence and an opaque, destabilizing process of military modernization. Therefore, are such shifting perceptual and structural conditions going to push ASEAN states towards more immediate security concerns, and more explicit balancing or bandwagoning behaviors? The expectations of the two great powers are pointing in this direction: while the US supports coalition-building among its allies and partners, China sponsors more exclusive "Asian" security frameworks. Conversely, could it be that deteriorating conditions in the South China Sea compel ASEAN members to pursue more risk-tolerant, accommodative strategies? Again, from rational choice institutionalism, the response lies in individual strategies rather than in collective action.

The key variable is where pivotal countries in the region locate the main source of risks to their sovereignty and security, and the degree of confidence they relatedly derive from the two conflict mitigating macromechanisms in the region

[43] The perception of threat is function, according to Walt, of (1) geographic proximity; (2) relative power; (3) offensive capabilities; and (4) offensive intentions. See: Walt (1987).

[44] See: Johnston (2013).

[45] Interview of the author with an Indonesian diplomat. Jakarta, March 2015.

(institution-driven socialization and interdependence). Various perceptions have led to divergent policies. The Philippines have made a radically different risk assessment than Malaysia vis-à-vis China. The former has turned more and more confrontational in its relationship with China, reinvesting in its security partnership with the US and instituting arbitral proceedings against China under Annex VII to UNCLOS. The later kept a low profile and was among those who emphasized the economic interests of not antagonizing China.

The substance of the "hedging" strategies implemented by ASEAN states is therefore far from uniform, and so is their possible evolution. Among the determinants to their respective policies, it is here assumed, is their position in the regional hierarchy of power.

14.3.2 Middle Power Theory

The postulates of rational choice institutionalism (rather than the methods) are useful to stress the importance of individual calculus and strategies in the design and outcome of an institution. In the first part of this paper, this framework helped address ASEAN's strategic value to its members in the specific context of their relationship with China over South China Sea disputes. From that, the assessment was that ASEAN-led mechanisms do not so much promote cooperation as they do "coopetition". Conflict is part of the socialization process between members of ASEAN, and between them and external partners. The main threat to peace in the South China Sea is the potential for escalation, and one of the key variable here is the risk tolerance of ASEAN states. The previous chapter argued that regional integration through ASEAN is neither intrinsically beneficial to peace, nor insignificant in a power transition context: it rather provides an additional, reasonably well delimited space for the competitive and cooperative strategies of its actors. In consequence, the "institution-driven socialization" argument—which holds that a rising China can be sufficiently "socialized" through its participation in ASEAN-led mechanisms—is here qualified.

The second classical argument in favor of China's peaceful rise is that Beijing promotes good relations with its neighbors and that, by way of mostly economic interdependence, but also cultural affinities, and historical ties[46] or societal interaction, these neighbors have a greater interest in cooperating with China than antagonizing it. This second argument will be addressed here through the prism of middle power theory. As argued by O'Neil, "small and middle powers are demonstrating a degree of agency in shaping geopolitics that undermines the validity of the realist model for predicting how states in Asia will behave".[47]

[46] For such argument, see: Kang (2010). For a critic of Kang's selective use of historical facts and explanations, see for instance: Reid (2009).

[47] O'Neil (2014).

The underlying idea behind the concept of middle power is that the place of a state in the global power hierarchy, i.e. its relative power vis-à-vis others, determines its international behavior. Most representative of this thinking are the quantitative approaches that look at the respective endowment of states in demography, economics and military power, among other typified power instruments. Conversely, some authors have argued that it is the particular comportment of some states that qualify them to the "middle power" status. Their actions are often granted, in this behavioral approach, the label of "middle power diplomacy". Such position would be characterized by a tendency to favor multilateralism, seek compromise, and craft an image of "good international citizen".[48] In sum, the literature consecrates two types of middle power definitions: hierarchical and behavioral. A third category is functional[49]: "the functional model" writes Fels, "rests on the assumption that middle powers perform—just like great powers—special functions in international relations due to their material capabilities and political willingness to engage in the international arena".[50]

Middle power theory therefore emphasizes the relative aspect of power as a determinant to state behavior: the aggregate power of any given state can only be considered "middle" in relation to greater and smaller powers (hierarchical model). It also grants middle powers the capacity to actually affect the behavior of great powers in specific areas where their relative power is strongest (functional model). Middle powers, at last, due to their place in the international system would tend to behave in similar patterns (behavioral model). All three strands have had their critics: the hierarchical model has come under fire as arbitrary: in Evans' words, "what really matters is not what countries are, in terms of various quantitative measures, but what they do".[51] For all the work done on "niche diplomacy", very few authors resorting to the functional model "specified the functions they attributed to middle powers".[52] Additionally, Chapnick points out the transient nature of functional middle powers, as they are only classified as such for as long as they contribute to a particular issue.[53] Behavioral models have for their part have been considered teleological or circular in the sense that the particular patterns of behavior identified as "typical" of middle powers have been identified through the behavior of countries considered middle powers *a priori*, i.e. Canada and Australia mostly.

The relationship of middle powers to risk-taking in their international relations is no less complex than that of greater and smaller powers. What differentiate them from greater powers is that they can weight—even take a leading role—on a limited number of issues and that, contrarily to small powers, their relative strength makes

[48] Neak (1992).

[49] See for instance: Cooper (1997).

[50] Fels (2013, p. 165).

[51] Evans (2011).

[52] Fels (2013, p. 166).

[53] Chapnick (1999); quoted in: Emmers and Teo (2015).

that choice a meaningful one. This is, in essence, the rationale that led Rohan and Medcalf to call for the building of "middle power coalitions" in the Asia-Pacific, in order to stabilize the region.[54] From a similar consideration of great power rivalry, other authors had previously seen an opportunity for China: "[. . .] with China's growing propensity to collaborate with other actors in countering terrorism, piracy and other "non-traditional security" threats", wrote Tow and Rigby in 2011, "Chinese policy-makers have clearly developed entrepreneurial postures increasingly compatible with middle-power viewpoints".[55] As a matter of fact, there is a broad—and growing—consensus on how critical the choices that Asia-Pacific's middle powers will make in the current power transition context will be to regional stability. Vis-à-vis great powers, even in situation of regional hegemony, middle powers are likely to behave with their own rationality and strategic outlook.[56]

Middle power theory therefore helps illuminating the foreign policy and overall strategic outlooks of countries such as Indonesia or Malaysia. According to Emmers and Teo, middle powers in the Asia-Pacific tend to adopt a "behavioral" regional security strategy (broad commitment to multilateralism, norm-promotion and conflict mediation) when the level of resources they have is relatively low, and their strategic environment relatively peaceful; facing a high-threat strategic environment while having at their disposal an important pool of resources, they tend to favor "functional" regional security strategies ("niche diplomacy"). In between, they would likely adopt mixed strategies.[57]

Middle power theory is also an apt complement to rational choice institutionalism's postulates, in the sense that it helps explain why ASEAN member states seem to prefer "coopetition" over pure cooperation in their regional security strategies. By facilitating the interaction of individual strategies, the Association expands the diplomatic reach of each of its members. Gains and losses are unequal, depending on time and circumstances, but the game has been sufficiently rewarding for its players to continue betting on it. The consequence is that, under these rules of the game, power remains the critical variable and individual strategies the main drivers of either cooperation or competition. Middle powers have their structural weight reinforced, in a context of greater power rivalry. Enmeshing strategies directed at a greater, foreign power considerably augment the magnitude of coopetition dynamics and their effects. The risk is therefore not so much the potential replacement of so-called "hedging" strategies by more explicit forms of balancing and/or bandwagoning, but the institutionalization of "coopetition" over cooperation in specific issues. In this case, while ASEAN's diplomatic added value will remain important to its members and partners, its utility in addressing actual conflicts in the political sphere will be marginal.

[54] See: Medcalf and Mohan (2014).

[55] Tow and Rigby (2011).

[56] Mares (1988).

[57] See: Emmers and Teo (2015).

Multilateral arrangements designed to maximize individual gains are unlikely to optimally serve collective interests. By lowering transaction costs, an institution helps its members develop a greater tolerance to risk, which is indispensable to collective action. This represents the calculus made by "behavioral" middle power diplomacies. However, there is a corollary to this strategy, and it is that—as in finance—states augmenting their exposure seek higher returns. The strong self-identification with middle power that Australia undertook meant the country's elites expected particular returns on the investments it made (in multilateral affairs, democracy promotion, etc.). The fact that a government change led to a reassessment of the very narrative of Australia as a "middle power", now more reliant on such terms as "G20 nation", is further testament to the frustration that typified middle power behavior may engender at the producing end.

So far, ASEAN states have derived considerable benefit from their economic, diplomatic and political engagement of China, while being able to harness the security guarantee provided by a US-backed regional status quo. Now that great power rivalry intensifies, ASEAN states face increasing risks and decreasing returns. Their middle power diplomacy need adjustments, relative to a changing perception of—and relation to systemic risk. "Constructive middle power diplomacy can serve as a catalyst [...] to address the challenges we face and promote the establishment of relevant governance, rules and norms" said Singapore's Deputy Foreign Minister Lee Kyung Soo in 2013.[58] From a consideration of Malaysia and Indonesia's relations with China and stances over the South China Sea, it appears that individual strategic risk assessments in Southeast Asia are part and parcel of a process of institutionalization of "coopetition" within ASEAN.

14.4 Case Studies: Indonesia and Malaysia

14.4.1 Indonesia and Malaysia as Middle Powers

Indonesia, as the largest country of ASEAN, its largest economy and population, is an obvious pivotal state in Southeast Asia. Jakarta controls the main naval chokepoints of the region, i.e. Malacca, Lombok and Sunda. It is the largest Muslim majority country in the world, while still a laic state. Its democratic credentials provide it with diplomatic leverage in its region and in global politics.[59] Indonesia is also a formal member of the explicitly "middle power-oriented" MIKTA group (with Mexico, Korea, Turkey and Australia) and of the G20. In terms of policies, especially since its transition to democracy, Indonesia has displayed a commitment to such lines of action—the defense of multilateralism for instance—that are part of

[58] Lai (2013).

[59] Acharya (2014b).

the middle power behavioral definition.[60] In consequence, its contemporary middle power status is assumed in most analyses of the dedicated literature.[61]

Malaysia's standing as "middle power" is a much less convincing one. Indonesia and Malaysia are very different countries, especially in view of their China policy, position vis-à-vis South China Sea disputes and overall security strategy. Considering material criteria only would necessarily lead to the conclusion that the two countries do not play in the same league. Malaysia has 30 million inhabitants, while there are about 250 million Indonesians. Malaysia stretches over 330,000 km^2 and Indonesia over 2 million km^2. While Indonesia's GDP represents more than twice that of Malaysia, its GDP per capita is only a quarter of Malaysia's. These parameters set the two countries apart, and in very different places vis-à-vis the regional and global balance of power. Using a series of different metrics, Emmers and Teo assessed that while Indonesia indeed qualifies for middle power status, Malaysia does not.[62]

Still, in its own region, Malaysia is more than a small power. Its economy puts it in Southeast Asia's heavy weight category, and its Muslim-majority population also grants it with a status of self-professed "bridge-builder" between civilizations. In 2014, Prime Minister Najib declared that Malaysia had to embrace its position as a middle power to attain its goals of development: "that means", he continued, "playing a greater part in Asia, and helping Asia play a greater part in the world".[63] In other terms, while not an obvious candidate to the "middle power" ticket, Malaysia does have some middle power attributes in sheer capability, international policies and self-perception. Resorting to a combination of metrics and behavioral expectations, as well as a geographically limited field of enquiry, scholars like Ping or Manicom and Reeves did qualify Malaysia to the middle power status.[64] Freedman was even more explicit in stating that "[Malaysia's] position in Asia and [its] activity in the regional Association of Southeast Asian Nations (ASEAN) makes [it] important in relation to China's rise".[65] Therefore, this article postulates that Indonesia and Malaysia both qualify as "middle powers", for the place they occupy in the East Asian architecture (rather than the world), their engagement of their regional environment, and their self-perception.

"Middle powers", say Gilley and O'Neil, "rely on adept diplomatic means, with an emphasis on building coalitions with like-minded powers, to differentiate their policy preferences from great powers.[66] Historically, the role of Malaysia and

[60] See: Beeson and Lee (2014).

[61] See for instance: Gilley and O'Neil (2014b).

[62] Emmers and Teo (2015).

[63] "Transforming Malaysia's Diplomacy Towards 2020 and Beyond", Keynote Address By Yab Dato' Sri Mohd Najib Tun Haji Abdul Razak, Prime Minister of Malaysia, at the Eighth Heads of Mission Conference, 24 February 2014, Kuala Lumpur.

[64] Ping (2005), Manicom and Reeves (2014).

[65] Freedman (2014).

[66] Gilley and O'Neil (2014a).

Indonesia in the "Asian values" debate and their positive relation to China's stated objective of a multipolar world represent major normative efforts, fitting the behavioral definition of middle powers. Indonesia and Malaysia have used for themselves the image of "good international citizens" to try and secure a role of mediator and go-between in the various dynamics of both cooperation and competition that take place in the wider region.

Furthermore, according to Marque, "the approach of middle powers is an integrated one, seeking a strategic institutionalization of international relations. The main objective is to palliate the weakening produced by global changes, in terms of polarity or alignment".[67] Indonesia and Malaysia, as founders and important members of ASEAN, have a particular place in the Association's development. By making ASEAN a major venue of their foreign policy efforts, Malaysia and Indonesia gained an influence they could never have secured bilaterally or unilaterally. An example of direct positive outcome of their ASEAN membership—and to which they greatly contributed—is that the Association is now recognized as "central" in regional affairs by most stakeholders. In the policy world, this has the effect that any foreign power seeking a role in the region has to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC). This Treaty establishes the principles of non-interference, cooperation, and renunciation to the threat or use of force in resolving international disputes as the benchmarks for international relations in Southeast Asia. There lies the prolongation and recognition of the "neutralization" concept that Malaysia defended in the 1970s[68] and to which Indonesia did relate as well.

Nevertheless, Malaysia and Indonesia have each their own understanding of what their strategic environment is and what it means to be a "middle power" in such context. This implies that their perception—and management of their interdependence with a rising China not only varies, but can also diverge from one another. Malaysia's "silent treatment" of the South China Sea disputes has been linked by several authors to its economic interests and regime legitimacy issues.[69] Indonesia, conversely, has been able to leverage South China Sea disputes to shore up its diplomatic credentials.

14.4.2 Indonesia and Malaysia's South China Sea Policies

As explained by Salleh, Razali and Jusoff, "Malaysia became independent on August 31, 1957. It acceded to the first United Nations Convention the Law of the Sea (UNCLOS 1—1958) on December 21, 1960, adopted its Continental Shelf Act on July 28, 1966 and proclaimed the extension of its territorial sea from

[67] Marque (2011, p. 16).
[68] Wilson (1975).
[69] See: Parameswaran (2015), Cheng-Chwee (2013).

3 nautical miles to 12 [nautical miles] on August 2, 1969".[70] When President Marcos of the Philippines decreed in 1978 that his country had sovereignty rights over the so-called "Kalayaan Island group" in the Spratlys archipelago, the government of Malaysia was stimulated to react.[71] Vietnam's occupancy of new islets played a similar catalyzing role.[72] In 1979, Kuala Lumpur issued its own map (*Peta Baru Menunjukkan Sempadan Perairan dan Pelantar Benua Malaysia*, or *Peta Baru*, for "New Map Showing the Territorial Waters and Continental Shelf Boundaries of Malaysia") in which it claimed 11 features of the Spratlys archipelago: Ardasier Reef, Dallas Reef, Louisa Reef, Mariveles Reef, Royal Charlotte Reef, Swallow Reef, Erica Reef, Investigator Reef, Commodore Reef, Amboyna Cay and Barque Canada.

The basis of Malaysia's claim is its entitlement to an extended continental shelf under the Geneva Convention of 1958 and UNCLOS, which it signed in 1982 and ratified—with remarks[73]—in 1996. Problematically, Malaysia seems not to have given the baselines to its maritime boundaries the due publicity required by UNCLOS.[74] More saliently, Malaysia's interpretation that it holds sovereignty over the above-water features that emerge from its continental shelf appears misplaced, in view of contemporary International law.[75] At the time of Malaysia's publication of the *Peta Baru*, the move was contested by China, Vietnam, the Philippines, Brunei and Taiwan. To buttress its position, Malaysia occupied three of the features in 1984 and an additional two by 1986,[76] which provided it with a second justification: discovery/effective occupation. "On occupying Swallow Reef", add Saravanamuttu, "Malaysia deployed three F-5 fighters to Labuan to provide military backing to its claims".[77] On this atoll, Kuala Lumpur built an airstrip and a diving resort. Prime Ministers Mahathir and Badawi both visited Swallow Reef (known as *Terumbu Layang Layang* to Malaysians), in 1995 and 2009 respectively, to back the country's claim to sovereignty, following in the footsteps of the *Yang Di-Pertuan Agong* (the appointed King of Malaysia), who visited the atoll in 1992.

An important milestone for the entire region was reached in 1998, with the effects of the Asian crisis. In consequence, as explained by Tønnesson, "Malaysia's relations with the other ASEAN countries worsened. In 1999, Malaysia pursued its

[70] Salleh et al. (2009, p. 108).

[71] Buszynski (2010).

[72] Emmers (2013, p. 54).

[73] Available at: www.un.org/depts/los/convention_agreements/convention_declarations.htm (last accessed 30 May 2015).

[74] Roach (2014).

[75] See, among others: Joyner (1999), Hong (2012). According to Roach, Malaysia's claim to the low-tide elevations Dallas Reef and Ardasier Reef, and to the submerged features James Shoal, North Luconia Shoals and South Luconia Shoals is, for its part, solid. See: Roach (2014).

[76] For a detail, see: Valencia et al. (1997).

[77] Saravanamuttu (2010).

own course in the Spratlys, occupying additional reefs and moving closer to China".[78]

From the late 1960s to the mid-1990s, Malaysia settled a series of maritime disputes with its neighbors through treaties, and then took to the International Court of Justice the two cases of the Sipadan-Ligitan Islands with Indonesia—which it won in 2002—and Batu Puteh/Pedra Branca with Singapore—which it lost in 2008.[79] Overtime, Malaysia also took the lead in exploiting the energy resources of the South China Sea; according to Chan and Li, "in 2006, there were as many as 17 exploration blocks offshore of Sarawak and nine offshore of Sabah available for review pending release dates from Petronas".[80] As recently as 2014, Yep and Hall mentioned that "the area is the origin of most of Malaysia's natural-gas production [...] At least nine oil-and-gas blocks are now under development and expected to start pumping within two years".[81] Furthermore, Malaysia has become party to a series of joint exploitation agreements, including a trilateral one with Thailand and Vietnam.

On May 6, 2009, Malaysia and Vietnam made a joint submission to the UN Commission on the Limits of the Continental Shelf, "seeking to extend their continental shelves into the South China Sea beyond the normal 200 nautical miles".[82] Interestingly, this joint submission was structured around the position that EEZs should be measured from mainland coasts, therefore limiting the options of another, further-away claimant: China.[83] The joint submission elicited an angry response from Beijing, who insisted that Malaysia and Vietnam's continental shelf claim "has seriously infringed China's sovereignty, sovereign rights and jurisdiction...".[84] Annexed to its *Note Verbale*, submitted on May 7, was a map with the now-famous "nine-dash-line" which in turn led to cascading reactions, including from third-party Indonesia.

Indonesia's position is much different. Its involvement in the disputes somehow started in 1988, after the China-Vietnam clash in the Spratlys that ended with the loss of more than 70 sailors. As expressed in 2000 by Indonesia's leading specialist and representative in International maritime law, Hasjim Djalal, "[...] the Paracels and the Spratlys were becoming prominent issues that might turn out to be a threat to Southeast Asian security".[85] He then went on to forge what would be known as the Indonesia Workshop on Managing Potential Disputes in the South China Sea. "The Indonesia Workshop", explained Snyder, Glosserman and Cossa, "was

[78] Tønnesson (2001).

[79] Salleh et al. (2009).

[80] Chan and Li (2014).

[81] Yep and Hall (2014).

[82] International Crisis Group (2012).

[83] A fact highlighted by Emmers (2013, p. 64).

[84] Note Verbale CML/17/2009. Available here: www.un.org/depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2009re_mys_vnm_e.pdf

[85] Djalal (2000, p. 13).

formed in 1990 as an informal dialogue on technical rather than political issues through which individuals representing respective authorities with outstanding claims might participate in discussions on an individual basis".[86] It would only be in 1991, at the second iteration of the Workshop, that China would participate—after the normalization of China-Indonesia ties in July 1990.

In 1995, the Mischief Reef crisis, sparked by China's occupation of a feature in the Spratlys claimed by the Philippines, led ASEAN as a whole to support Manila and disapprove Chinese assertiveness. The same year, Indonesia's foreign minister, Ali Alatas went to China to seek confirmation that there was no dispute between the two countries after the publication of a contested map by China.[87] In Hasjim Djalal's words:

> "Indonesia is not a claimant to any of those islands or rocks in the Spratly group. But if the Chinese/Taiwanese unidentified and interrupted dotted lines of 1947 were to be taken into consideration and continuously connected, depending upon the nature and interpretation of the Chinese claim, then the Chinese/Taiwanese claims could also intrude upon the Indonesia EEZ and continental shelf [. . .]. The Chinese, however, have assured Indonesia that they do not have maritime boundary problems with Indonesia in the South China Sea".[88]

Chinese reinsurances towards Indonesian elites have seemingly been clear and reiterated, but have remained out of the public eye.[89] Although not a party, Indonesia has a direct stake in the territorial disputes of the South China Sea through the uncertainty surrounding the exact extent—and coordinates—of China's so-called "nine-dash-line". The country has proved very reactive on this issue, by submitting its own *Note verbale* to the UN in 2010. As a matter of fact, Indonesia has been a staunch promoter of International law, and UNCLOS specifically, as the best means to manage and resolve peacefully the disputes. As reminded by Parameswaran, the Chinese "dashed line" poses a direct challenge to UNCLOS, "which is the basis for the territorial integrity of the world's largest archipelagic state".[90] Indonesia also sponsored with remarkable consistence confidence building mechanisms within the framework of ASEAN. In 2002, these efforts led to the conclusion to a Declaration of Conduct of Parties in the South China Sea (DoC) between ASEAN and China, which seemed to validate the diplomatic option promoted by Jakarta. The DoC was supposed to open onto a legally binding Code of Conduct in a not-too-distant future and consecrate the rule of law in the management of regional disputes. When the 2012 ASEAN Summit in Phnom Penh ended without a joint declaration—a never-seen-before mark of dissension—, it was Marty Natalegawa who managed to get a face-saving document (ASEAN's "Six-Point Principles on the South China Sea") published after a few days of frenetic shuttle diplomacy. During the last ASEAN Summit, held in Myanmar, the

[86] Snyder et al. (2001).

[87] Richardson (1995).

[88] Djalal (2000, p. 12).

[89] Various interviews of the author with high-ranking officials, Jakarta, March 2015.

[90] Parameswaran (2014).

Indonesian Foreign Minister reminded its partners of the importance of "rapidly" concluding the talks over a Code of Conduct.

The differences between Indonesia and Malaysia's respective positions are therefore substantial. In November 2011, Indonesia Foreign Minister Marty Natalegawa declared that "ASEAN will not let the region become a competition arena for countries who consider themselves big powers, whoever and whenever they may be".[91] In contrast, Malaysia's stance vis-à-vis China in the South China Sea since 2009 has been largely muted.

In 2014, members of the Indonesian armed forces (TNI)—including their Chief of Staff—voiced their concern over Chinese assertiveness in the South China Sea, and the risks associated to it for Indonesia.[92] A line of fracture in the Indonesian establishment as regards the strategic evolution of the country's environment had suddenly come to the fore, only to be addressed by high-ranking officials, even the Foreign minister, who confirmed their country's "no dispute", "primacy to UNCLOS" policy.[93] Still, Indonesia's policy has come under increasing stress—even if on a lesser scale than foreign reporting may suggest—due to the development of the situation in the South China Sea. The strategic uncertainty that prevailed so far allowed for a fragile equilibrium to be maintained, which brought to Jakarta many benefits: an enhanced international status, reassurance measures by parties, access to information, and political credentials. Chinese actions in the South China Sea, adding to the gapping power asymmetry between Beijing and all Southeast Asian countries, now put considerable pressure on this "negotiated" uncertainty.[94] Additionally, Indonesia is now well into a major effort of military modernization. This build-up provides opportunities to engage China on arms sales and industrial cooperation, and military exercises,[95] but it is definitely oriented towards the multiplication of partnerships with the view of defending the country's independence rather than aligning with any other power.[96] Most of Indonesia's current military investments find their way into new equipment—aerial and naval mostly. Adding to the military's longstanding emphasis on the Natunas, cues are piling up that Indonesia seeks to hedge against broader crispation and conflict by shoring up its status of principal power broker in Southeast Asia and the South China Sea.

Malaysia, for its part, has systematically toned down its differences with Beijing over the South China Sea. The Minister of Defense Hishammudin Tun Hussein went as far as declaring, in the wake of PLAN exercises over James Shoal, he did not worry over Chinese incursions. "I think we have enough level of trust" he said, "that we will not be moved by day-to-day politics or emotions".[97] Nevertheless, in

[91] "New U.S. Base in RI's Backyard", *The Jakarta Post*, 17 November, 2011

[92] See: Moeldoko (2014).

[93] Oegroseno (2014).

[94] See Hellendorff and Kellner (2014).

[95] "RI, China's navy to hold joint military exercise", *Antara News*, 16 December 2013.

[96] See for instance: Hellendorff (2015).

[97] Chen (2013).

late 2013, the government of Malaysia announced the construction of a new naval base in Bintulu, in Sarawak. The Minister for Defense added that it would there, facing South China Sea waters, that the first battalion of Malaysian Marines would be based. In 2014, PLAN ships returned to James Shoal. Still, according to Thayer, reports of a Chinese attempt to drop steel sovereignty markers on James Shoal were suppressed for months in Malaysia media, before they were leaked out.[98]

Malaysia's status of prime commercial partner of China in the region grants it an importance, and a vulnerability, that its immediate neighbors experience differently. Beijing has, in return, only mildly objected to Malaysia's exploitation of hydrocarbons in the South China Sea—sometimes even cooperated with it plainly. A cooperation agreement was even reported to have been signed between Petronas and a Chinese firm. Joint exploitation was recently promoted by Malaysia's Minister for Defense as well as Najib Razak, leading foreign commentators to consider Malaysia splitting with ASEAN on the South China Sea issue[99]—replicating the 1999 scenario. . .

Another striking development is that, during the PLAN exercises over James Shoal, an anonymous report coming from the Malaysian armed forces indicated that Chinese ships had not been detected. To some, this may well have been a subtle way for worried military staff to bring the issue to political attention in a way more in line with the defense of national sovereignty.[100] The Malaysian Navy is currently undergoing major reform and modernization programs. Maritime security is high on the agenda of political and military stakeholders, especially after the Lahad Datu standoff of 2013 (when insurgents calling for the return of Sabah to the Sulu Sultan attacked the city of Lahad Datu). Malaysia finds itself also defending similar options than Indonesia over the interpretation of "freedom of navigation". For both countries, intelligence-gathering activities should be limited in EEZs, contrarily to the interpretation and practice of the US.[101]

It must also be stressed that, throughout this period, China upheld its "good neighborhood" policy (or "periphery diplomacy") and agreed with Jakarta and Putrajaya to transform these two bilateral relationships into "comprehensive strategic partnerships". While such enhanced partnerships demonstrate the resilience of bilateral ties and commitments, they proved too thin to effectively veil the sense of insecurity that is growing between China and its neighbors. Putrajaya and Jakarta have both invested in measures of self-help, as is visible from their bolstering of military capabilities in the South China Sea, and in informal measures of collective reassurance. This second strand of action is taking place at the ASEAN level, between its member states, and with a series of external partners, including the US. As a marker of improved confidence, Indonesia bought eight US-made

[98] Thayer (2014).

[99] Chen (2013).

[100] Discussion of the author with a Malaysian analyst, 2014.

[101] Valencia (2009, 2011).

AH-64D Apache helicopters in 2014, and Malaysia asked for US help to set up its Marine forces.

Putrajaya's "quiet diplomacy" approach and Jakarta's "no party to the dispute" stance (that allowed it to claim a status of principal mediator and sponsor of a China-ASEAN Code of Conduct) have both suffered from recent developments at sea. In the face of an accelerating alteration of the status quo (illustrated by the reclamation works undertaken by China and other parties), the ASEAN track is under growing stress, and the traditional stances of Indonesia and Malaysia require adjustment.

China's numerous diplomatic overtures, taking the form of a "maritime silk road of the twenty-first century" destined to the entire region or bilateral gestures of goodwill, failed to entirely convince its neighbors. As cases in point, Indonesia and Malaysia have welcomed China's offers for enhanced partnerships, but simultaneously buttressed their deterrent capabilities in the military, political and diplomatic spheres.

14.5 Conclusion

The rise of China produces much turbulence in its neighborhood. Conventional IR theory supposes that a power transition context, by upsetting the power balance of a region, enhances the prospects of great power rivalry. The evolution of the US-China relationship, while not devoid of cooperative features and commitments, certainly fits this expectation. But the conventional view that, in such context, lesser powers would seek security in either balancing the rising power or bandwagon with it is oversimplistic. ASEAN states "hedge" and avoid exclusive security strategies. Despite accumulating signs of systemic instability, this outlook is remarkably resilient among ASEAN states.

Based on a realist assessment, focused on balance of power dynamics, "hedging" behaviors by ASEAN states are ultimately detrimental to regional stability. By not balancing the rising power through alliances and/or coalition-building, ASEAN states leave the way open for China to contest the regional security system, as organized by the US. In other terms, it catalyzes great power confrontation. Bandwagoning with China would accelerate the dynamic or, as some may argue, promote ultimately peaceful, hierarchical relations within the region but at the cost of sovereignty. Counter-arguments to this structural conflict-ineluctability thesis have mostly revolved around two elements: the first is the socialization process that ASEAN fosters and the second is the weight of interdependence in states' rational calculations.

This paper tested these two macromechanisms through the lenses of rational choice institutionalism and middle power theory. This paper finds that ASEAN's contribution to regional stability primarily lies in the space of "coopetition" it provides to its members and external partners. ASEAN's design and evolution has made it a useful instrument for individual interest-maximizing strategies.

Collective interest has also been served rather well by the Association, through "coopetition". "Coopetition" is when cooperation and competition (among states) are inseparable components of one relational dynamic. Competition—conflict even—is part of the socialization process that led ASEAN where it is now. ASEAN therefore provides a definite, rules-based space of coopetition between its members, and between its members and foreign powers. As such, it does not constitute a guarantee of peaceful relations, rather an environment conducive to socialization processes. The determining variable is the individual behavior of middle powers, and the sense of agency that lays at its core.

This paper also finds that ASEAN middle powers are risk-tolerant, rather than risk-averse—as conventional theory would suggest. This tolerance to risk, vis-à-vis the rise of China is informed by situational—in terms of geography and power distribution—and relational factors. The situational factors have been addressed through middle power theory and its application to Malaysia and Indonesia. The finding is that Malaysia and Indonesia share a similar status of "regional middle power". As such, they simultaneously defend a broad commitment to ASEAN-led multilateralism and their self-interest through targeted ("niche") policies.

The relational factors have been addressed through the empirical study of both countries' policies vis-à-vis China in the South China Sea. The first finding is that China's rise and assertiveness do not have a linear impact on the policies of Malaysia and Indonesia. With the exception of a visit to Swallow Reef by the Prime minister in 2009 and its joint submission with Vietnam the same year, Malaysia has proved to be a "quiet claimant" in regards to South China Sea disputes. It has downplayed the risk of political confrontation with Beijing in every instance and maintained its focus on good trade and economic relations with China. On collective action within or outside ASEAN, it has willfully been underperforming. Indications derived from the priorities of its military modernization program seem to validate a lingering concern over China's eventual aim among the armed forces but it is surpassed by political, economic and more immediate security (Lahad Datu) preoccupations. Indonesia, for its part, has derived considerable diplomatic and political benefits from the state of negotiated tensions that prevailed in the region until now, a state of affairs it seeks to maintain through (1) its support to International Law, and UNCLOS specifically, for managing disputes in the South China Sea; (2) keeping its "no dispute with China" position; (3) supporting the ASEAN-led discussion and negotiation process with China, with the aim of reaching, "soon", a CoC. Deteriorating security conditions in the region and Indonesia's own evolution are however pushing in a different direction, against which the country seeks to hedge through, mainly but not only, a major military modernization effort.

Consequently, this article finds that the "power of agency" that some ASEAN states have—specifically Malaysia and Indonesia—is still underappreciated by most of the IR literature, despite recent hikes in middle power theory researches for instance. Southeast Asia's "middle powers" find in ASEAN a useful space for "coopetition" tactics, i.e. competing and cooperating simultaneously, where the norms and frameworks are of their making rather than imposed by foreign powers.

As such, the stabilizing effect of institution-led socialization is here greatly qualified. Institutions do not foster cooperation as they help states push their own interests. Interdependence, similarly, seems to encourage risk-tolerant, rather than risk-averse strategies by ASEAN middle powers vis-à-vis China's rise. Both Malaysia's and Indonesia's positions are challenged by recent developments in the South China Sea. Still, both have an interest in raising the stakes and negotiate, from such fluid situation, as many benefits possible from ASEAN partners and foreign powers. For instance, Malaysia has been able to leverage its "silent treatment" of the disputes for hydrocarbon exploitation. Indonesia has anchored its status of mediator and power broker in the region. In sum, applied to South China Sea disputes, the conventional arguments in favor of cooperation derived from IR theory—socialization and interdependence—are here confirmed but strongly qualified. Conflict is not inevitable in the South China Sea. But the region will certainly be more volatile.

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Chapter 15
Delicate Equilibrium: Indonesia's Approach to the South China Sea

Prashanth Parameswaran

15.1 Introduction

Since 2009, China has arguably adopted a more assertive posture in its disputes with five other claimants—Brunei, Malaysia, the Philippines, Taiwan and Vietnam—over territorial sovereignty and maritime rights in the South China Sea.[1] Over the past few years, Beijing has increased the scope and frequency of its naval patrols within its infamous nine-dashed line claim that encompasses the majority of the South China Sea, seized the Scarborough Shoal from the Philippines, dispatched a giant oil rig into Vietnam's exclusive economic zone (EEZ) and begun extensive reclamation work in the Spratlys.

These moves have caused alarm within the Association of Southeast Asian Nations (ASEAN) and across the Asia-Pacific, even if the responses by the claimant and non-claimant states to China's actions have not been uniform. Yet while here has been increasing focus on the differences between more forward-leaning claimants—Vietnam and the Philippines—relative to Malaysia's quieter and more low-profile role, much less sustained attention has traditionally been given to the approach of Southeast Asian states that are not claimants but interested parties.[2] Indonesia is especially important in this regard because of Jakarta's growing significance as a global middle power, its longstanding status as *primus inter pares* (first among equals) within ASEAN, as well as its important, albeit nuanced role as a non-claimant but interested party and 'honest broker' in the South China Sea disputes.

[1] For a detailed examination of China's assertiveness, see: Johnston (2013).

[2] For a comparison of claimant states, see: Parameswaran (2015a).

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However, in 2014, blunt and public criticism by Indonesian officials of China's conduct in the South China Sea thrust Jakarta's approach to the fore and fueled speculation about a potential policy shift.[3] The fierce debate that resulted thereafter, which coincided with the tail end of a decade-long leadership of Susilo Bambang Yudhoyono and the run-up to the election of Indonesian president Joko "Jokowi" Widodo, only reaffirmed the importance of understanding Indonesia's approach to the South China Sea first in order to then discern elements of continuity and change.

This chapter aims to clarify Indonesia's approach to the South China Sea issue, focusing particularly on the period from 1990 onwards. This chapter argues that in spite of some adjustments after recent trends—including increased Chinese assertiveness—Indonesia's approach has remained largely unchanged. Indonesia continues to stick to what I term a "delicate equilibrium" approach on the South China Sea issue, pursuing a hedging strategy comprised of four elements: engagement, enmeshment, traditional balancing and soft-balancing.

The chapter is divided into four sections. The first section outlines the background to the South China Sea issue and Indonesia's interests in the South China Sea. The second section then elaborates Indonesia's delicate equilibrium approach to the South China Sea issue and its four elements, focusing on the period from 1990 up till 2009, stopping just before the period of China's new assertiveness. The third section addresses Indonesia's approach from 2009 onwards, answering the question of the extent to which its approach has changed. The fourth and last section then considers how we might expect Indonesia's South China Sea approach to change in the future under Jokowi and beyond, and the constraints that might prevent it from doing so.

15.2 Background and Indonesia's Interests in the South China Sea

While most of the attention has been focused on China's assertiveness over the past few years, Indonesia—and ASEAN more generally—has been grappling with this issue for much longer. Claims, occupations and developments of certain features have been going on for decades, but 1990 arguably provides a good starting point for our purposes because it is when Indonesia—and arguably ASEAN more generally—began to devote significant attention to the issue.

The rise of the South China Sea as a concern in the 1990s occurred in a broader context of shifting geopolitics in China's favor.[4] Globally, the Cold War had ended, removing the Soviet Union as a threat to Beijing and leading to a partial U.S. strategic withdrawal from Philippine bases. Regionally, the ASEAN-China alliance over confronting Vietnam in Cambodia had ended with the Treaty of Paris

[3] For an examination of the debate and a response, see: Parameswaran (2014a).

[4] Leifer (1997).

in 1991, thereby freeing Beijing to engage in more assertive behavior. ASEAN had also looked to engage major powers in an uncertain post-Cold War regional environment, and China was made a formal dialogue partner. Ties between Indonesia and China also normalized in 1990 after being frozen since 1967 due to fears of Chinese communism and its impact on Indonesia's domestic political order.

It was clear even at the outset to some observers that South China Sea would become a growing preoccupation for the region. In particular, the armed clash between China and Vietnam in the Spratlys in 1988, in which three Vietnamese vessels were sunk and more than 70 people lost their lives, led to concerns that reverberated across Southeast Asia. Reflecting on the 1988 incident, Hasjim Djalal, one of Indonesia's most prominent diplomats and international legal experts, wrote: "I saw then that the Paracels and the Spratlys were becoming prominent issues that might turn out to be a threat to Southeast Asian security.[5]"

Chinese 'assertive' behavior would continue throughout the early to mid-1990s, with the release of its February 25, 1992 law and the February 1995 seizure of Mischief Reef, an unoccupied atoll within the Spratlys in an area claimed by both the Philippines and Vietnam. Indonesia itself—despite not considering itself a claimant to the disputes themselves—would be subsequently 'drawn into the fray', discovering in 1993 that a Chinese map displaying Beijing's 'historic claims' overlapped with the EEZ stemming from Jakarta's resource-rich Natuna Islands. While China's relationships with certain Southeast Asian countries would improve into the late 1990s and the 2000s, continued mistrust and suspicion on the South China Sea issue would remain for some including Indonesia, and resurface with Beijing's new round of assertiveness from 2009 on.

Given this context, what are Indonesia's main interests in the South China Sea? Though Jakarta is technically not a claimant, Indonesia has four main interests in the South China Sea that nonetheless makes it an interested party.

The first and narrowest one is safeguarding its own rights. Even though Indonesia officially insists that it is not a claimant in the South China Sea disputes and is a neutral party which can play the role of a facilitator, it has known for years that China's nine-dash line overlaps with the exclusive economic zone around the Natuna Islands, located at the southern part of the South China Sea.[6] The Natunas are strategically located adjacent to critical sea lanes that carry much of Indonesia's trade. They are also resource-rich. Specifically, the East Natuna Block (also known as Block D-Alpha) is one of the world's largest gas fields, containing 46 trillion cubic feet of recoverable natural gas, which at 2009 figures was around 41 % of Indonesia's total reserves.[7] The Natuna Sea is also a rich fishing ground which contributes significantly to the local economy.

[5] Djalal (2000).

[6] Indonesia officially does not even include China as one of the ten countries with which maritime boundaries need to be settled.

[7] Agustiawan (2011).

The second is preserving the country's autonomy and maneuverability in its foreign relations. Since its independence in 1948, Indonesia has generally subscribed to what its former vice president Mohammad Hatta called an independent and active (*bebas-aktif*) foreign policy, with a strong suspicion of being drawn into major power rivalries and a clear preference for non-alignment.[8] Today, many Indonesian elites still believe that the way to maximize the country's options and to preserve its autonomy is to forge partnerships with multiple powers, including the United States and China—and some even believe more ambitiously that this allows Jakarta to play these powers against each other.[9] This is even more so today because despite lingering suspicions about China, Beijing is Indonesia's second largest trading partner, top foreign tourist contributor, and a growing investor. Hence, for Jakarta, it is important to ensure that the South China Sea issue does not exacerbate U.S.-China rivalry or negatively affect its relationship with Washington or Beijing.

Third, Indonesia has an interest in broader regional peace and stability as well as an open commons. The South China Sea is a highway for trade, shipping and telecommunications through which a third of the world's trade passes.[10] This makes free trade, safe and secure sea lines of communication (SLOCs), and overall regional order of critical importance for maritime nations like Indonesia. Beyond this, as a founding member of ASEAN and the country long viewed as *primus inter pares* (first among equals) within the grouping, Indonesia strongly supports efforts to preserve order in Southeast Asia, including through helping manage potential conflicts and flashpoints such as the South China Sea.

Fourth and lastly, Indonesia has an interest in preserving global norms and international law. These include general principles such as the peaceful settlement of disputes as well as specific agreements that apply to the South China Sea issue. In particular, Indonesia, the world's largest archipelagic state, has always been a strong advocate for preserving the sanctity of the 1982 United Nations Convention on the Law of the Sea (UNCLOS). The archipelagic principle within UNCLOS—which recognizes an archipelago as a unified entity so that waters around, between, and connecting its islands are part of the internal waters of the state—was critical in helping Indonesia resolve its geographical dilemma of pockets of sovereignty separated by international waters which could be exploited by other countries.[11]

[8] Hatta (1953).

[9] Author interviews with Indonesian elites, July–August 2014.

[10] Koh (2011).

[11] Djalal (2009).

15.3 Delicate Equilibrium: Indonesia's Approach to the South China Sea

Given these interests, how has Indonesia dealt with the South China Sea? Put simply, Jakarta has tried to balance between these various interests—safeguarding its own rights while helping facilitate confidence-building on the South China Sea, and countering Chinese actions where possible while cautiously engaging Beijing bilaterally and multilaterally. Like other Southeast Asian states, Indonesia has eschewed pure balancing or bandwagoning approaches and has instead chosen to pursue a classic hedging approach on the South China Sea issue.[12]

More specifically, I argue that Indonesia's approach to the South China Sea can be described as a delicate equilibrium based on a careful calibration of four essential components: engagement; enmeshment, traditional balancing and soft balancing. That is, Indonesia has pursued an approach that is based on **engaging** other actors (including China) politically and economically; **enmeshing** actors (including China) as part of a broader regional multilateral network of rules and norms; employing **traditional balancing** by increasing its capabilities and boosting its relationships with other powers; and advancing **soft-balancing** initiatives alone and in concert with others to blunt moves that undermine its interests using non-military means. 'Equilibrium' implies that the success of the overall approach depends on a certain balance between these four components, while 'delicate' suggests that the approach requires careful and consistent calibration in order to be appropriately employed given the balancing act Indonesia faces. The term 'delicate equilibrium' is a deliberate play off of the 'dynamic equilibrium' concept that Indonesia advanced during the Yudhoyono years, which will be discussed later on in the chapter.

While the 'delicate equilibrium' approach itself and its four components are a novel description of Indonesia's South China Sea approach, the approach itself builds off of concepts and observations within international relations theory and Indonesian foreign policy. The subtle but important difference is that the 'delicate equilibrium' approach is a stance adopted with respect to a particular issue, rather than being directed at a specific actor(s).

Theoretically, in the post-Cold War era scholars have increasingly recognized that countries—particularly small and middle powers including Indonesia—tend not to pursue either pure balancing (checking a rising power by alliance or armament) or bandwagoning (aligning with a rising power) strategies, but rather seek to cultivate a middle position to maximize their maneuverability.[13] The approach has been termed "hedging", which Evelyn Goh defines as "a set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning or

[12] See: Roy (2005).

[13] For the traditional balancing and bandwagoning dichotomy, see: Walt (1990).

neutrality. Instead, they cultivate a middle position that forestalls or avoids having to choose one side at the obvious expense of another.[14]" This occurs for various reasons, including the potential rather than the actual nature of the 'China threat', the need to reap economic benefits, and the unwillingness of these states to give up their foreign policy autonomy.[15] Southeast Asian states are seen as tending to employ a mixture of engagement (interacting politically and economically with other states and attempting to socialize them into norms and rules) and balancing (enhancing their own capabilities either through alignment or armament).

In practice, with respect to Indonesian foreign policy and the South China Sea more specifically, we can observe from the previous section on Jakarta's interests that such a hedging strategy might prove appealing for several reasons. First, hedging would be consistent with Indonesia's cardinal principle of *bebas-aktif* (an independent and active foreign policy) since it maximizes maneuverability in line with Indonesia's former vice-president Mohammad Hatta's vivid metaphor of "rowing between two reefs.[16]" More specifically, it would facilitate Indonesia's freedom to seek out engagement with China cautiously while simultaneously engaging other countries as well and developing its own capabilities.

Second, cultivating various options and a middle position would help Jakarta ensure the security of the Natunas while simultaneously exercising its regional leadership role by helping as a facilitator for confidence-building initiatives on the South China Sea—what some have called a balance between neutrality and self-interest.[17] Third, and more conceptually, as Dewi Fortuna Anwar once noted, adopting an approach that has both a softer edge focused on engagement and a harder edge emphasizing building up its own capabilities would balance Jakarta's penchant for regional and global leadership through its involvement in multilateral organizations as well as allow it time to build up its limited military capabilities for eventualities over the longer term while contending with internal threats.[18] This balance between normative and material considerations, between hard and soft power is also in line with Indonesian foreign policy traditions more generally as others have argued.[19]

Given the wisdom of such a hedging approach in general, what might be the components of such an approach specifically for Indonesia on the South China Sea? I argue that Indonesia has pursued a hedging approach I call a 'delicate equilibrium', consisting of a mix of engagement and balancing behavior. The delicate equilibrium approach is made up of four components: engagement; enmeshment; traditional balancing and soft balancing. The first two—engagement and enmeshment—are the softer side of the approach meant to bilaterally and multilaterally

[14] Goh (2005).

[15] Cheng-Chwee (2008).

[16] Hatta (1953).

[17] Supriyanto (2012).

[18] She refers to this as "buying security on the cheap" (Anwar 1994).

[19] See for example: Laksmana (2011).

engage all actors on the South China Sea, especially China in order to gain clarity to secure Indonesia's interests, exercise its regional leadership role and hopefully socialize it into existing rules and norms. The second two—traditional balancing and soft balancing—are the harder side of the approach meant to counter behavior or policies that go against Jakarta's interests through legal, economic, diplomatic, or military means.

It is important to recognize that these two aspects of the approach are meant to be pursued as two sides of the same coin and ideally be mutually reinforcing rather than contradictory. On the one hand, the 'soft' aspects of the approach—engagement and enmeshment—in addition to potentially being successful, also allow room for Indonesia to build up its own capabilities and more effectively develop the 'hard' aspects of the approach to address threats further down the line while contending with more urgent internal problems, thereby "buying security on the cheap". On the other hand, the 'hard' aspects of the approach—traditional and soft balancing, would ideally give muscle to the 'soft' aspects so they will be taken more seriously. Indonesian elites are acutely aware of the need for this, particularly when dealing with China. As one prominent Indonesian scholar said candidly, "China respects strength. If they see you as being weak, they will eat you alive.[20]" With that in mind, we can now move to examine each one of the four components in turn.

The first component, engagement, can be defined as developing closer political and economic ties with other states with the aim of potentially changing its leaders' preferences and actions toward more peaceful inclinations.[21] While Indonesia has also faced problems engaging some of its other Southeast Asian neighbors, the chief challenge in this regard has been with China. As was noted earlier, Sino-Indonesian ties were frozen from 1967 to 1990, and it took significant changes in Indonesia's domestic politics as well as China's own policy towards Southeast Asia in the late 1990s and early 2000s to significantly improve ties.[22]

Nonetheless, limited and cautious engagement did take place gradually after 1990 on several levels. Most narrowly, Jakarta has carefully engaged Beijing intermittently on the Natunas question in order to get clarity on the question despite the challenges it poses. For example, when China initially displayed a map at a workshop in 1993 showing the country's "historic waters" overlapping with the Natuna Islands' EEZ, Indonesia's foreign ministry sought clarification on the issue. The Indonesian Foreign Ministry sent a diplomatic note to China via its embassy in Jakarta in September 1994, and, failing to secure a satisfactory response, Foreign Minister Ali Alatas visited Beijing himself in July 1995 to clarify China's claims.[23] However, when Beijing said it supported a "negotiated settlement," Jakarta rejected this. The logic of Indonesia's limited engagement on the Natunas question, put

[20] Novotny (2010).

[21] Johnston and Ross (1999).

[22] Sukma (2009). For an evolution of engagement between Indonesia and China, see: Murphy (2014).

[23] Leifer (1999).

simply, was that negotiating on that basis would legitimize Beijing's illegal claims. As Alatas said himself, "the repetition of an untruth will eventually make it appear as truth.[24]"

More broadly, beyond securing economic benefits, reestablishing ties with Beijing in 1990 was seen by Suharto—albeit reluctantly—as a way to establish direct political communications in order to both better understand Beijing and as part of an effort to encapsulating China within a broader regional framework "in an attempt to influence its external behavior".[25] Though old suspicions lingered initially, some trust was built over time in this respect. As noted Indonesia expert Rizal Sukma has detailed, Jakarta's appetite for engaging China grew over time as Suharto's successors became more convinced of the potential merits of doing so, particularly during the years of Beijing's 'good neighborhood' policy in Southeast Asia when China respected Indonesia's internal affairs during the May 1998 riots involving ethnic Chinese and aided Indonesia during the Asian Financial Crisis in 1998, the 2004 tsunami and the 2006 earthquake. By 2005, Beijing and Jakarta had inked a 'strategic partnership'.[26] Relations began broadening from the economic and political realms into the security sphere as well, even if there was often little follow through thereafter.[27]

The second component is enmeshment. Enmeshment aims to secure the voluntary compliance of actors to a system of laws and norms, usually through participation in various fora of different levels and types.[28] A good example of this at the Track-2 level is the annual South China Sea workshops held in Indonesia since 1990 to reduce tensions and build confidence between rival South China Sea claimants. The Workshops on Managing Potential Conflict in the South China Sea, which were conceived by renowned Indonesian diplomat and international law expert Hasjim Djalal with initial guidance from the then Foreign Minister Ali Alatas, aimed to manage the disputes in the South China Sea through dialogue and cooperative projects. It is important to stress that the workshops were at the Track-2 level involving officials attending in a private capacity, academics and outside observers, and were not intended to position Indonesia as a *mediator* in the disputes per se but rather as a confidence-building measure. Nonetheless, they have had some success that has spilled over into the official level.[29] For instance, a statement issued in the second workshop held in Bandung in July 1991 was the precursor to the ASEAN Declaration on the South China Sea adopted in Manila the next year.[30]

[24] Arsana and Schofield (2013).

[25] Leifer (1999).

[26] Sukma (2009). For a theoretical treatment of strategic partnerships, see: Parameswaran (2014b).

[27] For an elaboration of this point, see: Storey (2011).

[28] Goh (2007).

[29] For a succinct summary of this important distinction by an Indonesian diplomat, see: Oegroseno (2014a).

[30] Djalal (2000).

The third component is traditional balancing. Balancing, according to neorealist thinkers like Kenneth Waltz, refers to efforts to increase one's capabilities, either through internal balancing (building up one's own capabilities) or external balancing (forming relationships with other powers).[31] In Indonesia's case with respect to the South China Sea, the former was clearly visible during this period. While it is admittedly difficult to attribute any military development specifically to the South China Sea, the issue—and the Natunas area in particular—has arguably been a central feature in Indonesia's external defense thinking since the 1990s.

In 1996, Indonesia held what was then the largest ever tri-service military exercise held based on a scenario in the Natuna Islands, and Beijing responded predictably by urging "relevant countries" not to "complicate" the situation.[32] Before those exercises, Juwono Sudarsono, vice governor of the Institute of National Resilience who would later become defense minister, said that "barring any possibility that China can gain access to resources other than the South China Sea area, then ASEAN countries will have to face the possibility of an imminent military confrontation with China.[33]" Since the 2000s, the Natunas has been also one of the flashpoints as the country looks to streamline its military as part of its Minimum Essential Force plan for 2020.

The fourth component is soft-balancing. According to Robert Pape, soft-balancing measures are actions that do not directly challenge a state militarily but rather utilize nonmilitary tools to delay, frustrate or undermine its policies.[34] These include the use of institutions, economic statecraft and other diplomatic arrangements. There is clear evidence of Indonesia using these instruments with respect to the South China Sea. Legally, in May 1996 when China ratified UNCLOS and employed the terms of the archipelagic principle with respect to the Paracel Islands, Indonesia sent a direct protest note to Beijing in July for using the principle illegally and acting contrary to international law.[35] It also warned that should a similar line be drawn in the case of the Spratly Islands, it would be considered "as possibly provocative to the ASEAN countries, including Indonesia.[36]"

Meanwhile, economically, Indonesia's state oil company, Pertamina, entered into a joint venture for the exploration and exploitation of resources with the American oil company Exxon in January 1995.[37] Beyond the commercial considerations involved, it was also a clear way for Indonesia to demonstrate its rightful ownership of the Natunas given China's assertiveness in the South China Sea.

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[31] Waltz (1979).

[32] How (1996).

[33] *The Jakarta Post*, August 6, 1976.

[34] Pape (2005). For an argument against the concept of soft balancing, see: Brooks and Wohlforth (2005).

[35] Leifer (1999).

[36] Ibid.

[37] The Straits Times (1995).

15.4 China's Renewed Assertiveness and Indonesia's Response (2009–)

China's growing assertiveness in the South China Sea over the past few years has caused alarm in several capitals, including Jakarta. However, this section argues that in Indonesia's case, this has not led in any change in its overall approach to the South China Sea. In other words, Jakarta continues to persist in using its delicate equilibrium approach to respond to China's challenge in the South China Sea.

Few would disagree that Beijing's conduct in the South China Sea has led to great concern in Jakarta. Beijing's official submission to the UN of its nine-dash map for the first time in May 2009—which, as was mentioned earlier, overlapped with the EEZ from the Natunas—frustrated Jakarta. China's alleged pressure on Cambodia on the South China Sea issue during the ASEAN Ministerial Meeting in July 2012, which led to the regional grouping's unprecedented failure to issue a joint communiqué, as well as its continued foot-dragging on a binding code of conduct (CoC), also directly undermined Jakarta's focus on ASEAN unity and diplomacy in the resolution of the disputes.[38] China's expansion of naval exercises and patrols in the southern parts of its nine-dash line claims closer to Indonesia has also resulted in a number of direct confrontations at sea involving Indonesian vessels.

Yet despite this concern, Indonesia's response suggests that it is still sticking to its deliberate equilibrium approach and employing its four components. First, Indonesia continues to engage China despite its renewed assertiveness in the South China Sea. Jakarta has requested Beijing to clarify its claims since the official submission of its controversial map depicting the nine-dash line.[39] More generally, Sino-Indonesian ties have continued on an upward trajectory within their usual limits. The strategic partnership inked in 2005 was upgraded to a comprehensive strategic partnership during Chinese President Xi Jinping's first visit to Jakarta in October 2013, where Xi also became the first foreign leader to address the Indonesian parliament.[40]

Engagement seems to be a key component for Indonesia under Jokowi as well. Indeed, economically, Indonesia and China have discussed the alignment of Jokowi's 'global maritime fulcrum' concept—which seeks to position Indonesia as the center between the Indian and Pacific Oceans, including through infrastructure projects—and China's twenty-first century Maritime Silk Road which aims to foster maritime development initiatives (which was unveiled during Xi's October speech to the Indonesian parliament).[41] At a public forum in Indonesia last

[38] For an inside account of China's role, see: Thayer (2012).

[39] Author conversation with Indonesian official, 2014.

[40] Xinhua (2013).

[41] Jokowi first unveiled the global maritime fulcrum and its five pillars at a speech at the East Asia Summit in November 2014. See: Witular (2014). For a recent public Chinese articulation of the compatibility of the two agendas, see: Zhaoxing (2015).

December, former Indonesian foreign minister Hassan Wirajuda even went as far as to say that the maritime-based cooperation between the two countries could lead to better relations "that in the end could help solve the problems of claims and counter claims in the South China Sea.[42]"

Second, Indonesia's investment in enmeshment component, too, has also continued in spite of the challenges it has encountered. This was evident in July 2012 after ASEAN's unprecedented failure to issue a joint communique under Cambodia's chairmanship due to disagreements about the South China Sea, allegedly made worse by Chinese pressure.[43] Faced with a crisis of ASEAN disunity, Indonesia's response to this crisis was resolute, with Foreign Minister Marty Natalegawa flying across several capitals in an intense round of shuttle diplomacy to get a six point consensus on the South China Sea to preserve ASEAN unity.[44] Natalegawa's intervention—which was done over the ASEAN chair and in spite of Chinese obstructionism—was a clear demonstration of the extent Indonesia was willing to go to preserve ASEAN as a key institution for enmeshment.[45]

Beyond ASEAN, Indonesia has also proposed the "dynamic equilibrium" concept to further enmesh major powers including China in the broader ASEAN-led framework. Under the "dynamic equilibrium," in the words of Natalegawa, ASEAN countries would work with other external powers to build out mechanisms—including the ASEAN Defense Ministers' Meeting Plus (ADMM+) and perhaps even an Indo-Pacific treaty of friendship and cooperation—where no power is dominant or excluded, and all parties make up part of a web of mutually beneficial relationships that leads them to work toward common security despite trust deficits and differences.[46] The goal, Natalegawa has said, is for this concept to replace the traditional, adversarial "balance of power" concept. While the concept is not directed at any particular issue or country, it is clear that China's conduct with respect to territorial disputes—an issue mentioned in Natalegawa's articulation of the concept—will be a clear test of whether such a system would work.

It is not clear how specific concepts like the dynamic equilibrium will evolve under Jokowi.[47] However, despite lingering uncertainties about how the administration will emphasize Southeast Asian regionalism relative to the Yudhoyono years, there does seem to be continuity with respect to the broad idea of enmeshment which reflects a general consensus within elite circles.[48] This applies even to the defense realm, as evidenced by Indonesia's push for the ASEAN Chief of

[42] Gokkon (2014).

[43] For a rare public argument on this, see: Bower (2012).

[44] "Statement of ASEAN Foreign Ministers on ASEAN's Six-Point Principles on the South China Sea." Copy seen by author, July 20, 2012.

[45] Author conversation with Indonesian expert, 2013.

[46] Natalegawa (2013).

[47] At least one of Jokowi's foreign policy advisers has said that the concept did not have enough clarity in order to be pursued specifically.

[48] For a summary of some of the concerns, see: Parameswaran (2014c).

Defense Forces Informal Meeting (ACDFIM) to be broadened into ACDFIM-Plus to include key players like the US and China to better manage regional tensions.[49]

Third, traditional balancing behavior has also persisted, particularly internal balancing. There has been significant focus on the comments of the Indonesian military (TNI) chief General Moeldoko as well as Air Commodore Fahru Zaini, who both expressed general concerns about China's assertiveness and its impact on the Natunas. But Indonesia has also announced planned shifts in capabilities. For example, in March 2014, an Indonesian military official reportedly announced that the Air Force was expected to upgrade its airbase facilities with the long-term goal of permanently deploying a squadron of Sukhoi fighter aircraft and four Boeing AH-64E Apache attack helicopters on the Natuna Islands.[50] Moeldoko himself said that the military would be adding at least another army battalion in addition to strengthening its existing naval base in Natuna.[51]

President Jokowi has also approved plans for the Indonesian military to form joint commands (locally abbreviated Kogabwilhan)—multi-service regional commands comprising of a combination of army, air force and navy units who would be able to respond quickly and flexibly to flash points with limited consultations with leadership in Jakarta—by 2024.[52] According to Moeldoko, the commands are expected to focus on the west of the country, especially Sumatra and Kalimantan given flashpoints like the South China Sea.[53] While this, along with the other capability upgrades, are part of existing military plans rather than entirely new schemes, the urgency with which they are being pursued as well as the public nature of their announcement is telling.[54]

Fourth, the soft-balancing component also continues to be utilized in several ways. Legally, after China officially submitted its controversial map displaying the nine-dash line to the UN in May 2009, Indonesia submitted a note verbale in July 2010 stating that the map "clearly lacks international legal basis and is tantamount to upset[ting] the UNCLOS 1982".[55] Indonesia has also stepped up efforts to enforce the law at sea. On 20 June 2009, just over a month after China had submitted its map, Indonesia detained 8 Chinese vessels and 75 fishermen while they were fishing around the Natuna Islands within the Indonesian EEZ. While Indonesia eventually agreed to release 59 of the 75 fishermen, 16 of them continued

[49] The Straits Times (2014).

[50] Rahmat (2014). Separately, Indonesia's then defense minister Purnomo Yusgiantoro also announced plans to build a helicopter base later that year. Tempo (2014).

[51] Jakarta Globe (2014).

[52] Conboy (2014).

[53] Parameswaran (2015b).

[54] Author conversation with Indonesian expert, 2014.

[55] Permanent Mission of Indonesia to the United Nations, "Communication Dated 8 July 2010," Commission on the Limits of the Continental Shelf (CLCS), UN Division for Ocean Affairs and the Law of the Sea.

to be detained for further legal processing.[56] However, a few attempts by Indonesia to capture Chinese vessels and escort the fishermen ashore for legal proceedings since then have failed due to coercive actions. For example, in 2010, when an Indonesian patrol boat captured a Chinese vessel illegally fishing within Jakarta's EEZ, Beijing dispatched a maritime law enforcement vessel which pointed a machine gun at the Indonesian boat and compelled it to release the Chinese boat.[57]

Indonesia's determination to demonstrate its rightful ownership of the resources in the Natunas has continued as well. After unilaterally handing over the rights to develop the East Natuna Block to Pertamina from ExxonMobil in 2008, by 2013 Pertamina had partnered with ExxonMobil, France's Total, Malaysia's Petronas and Thailand's PTT Exploration and Production to explore the block with first production estimated to start by 2021.

15.5 The Future Evolution of Indonesia's South China Sea Approach

For now, Indonesia still appears to be continuing to pursue its delicate equilibrium approach in the South China Sea, with its four elements of engagement, enmeshment, traditional balancing and soft-balancing. However, significant internal and external shifts could lead Jakarta to recalibrate—or, perhaps even reexamine—its position.

A change could arise in response to a particular 'shock,' as a product of several disturbing trends that converge and finally lead to a breaking point, or as a consequence of internal changes within Indonesia. If for instance, Beijing publicly challenges Indonesia's rights to explore the natural resources within the Natunas—something which it has not done thus far—that would constitute a significant blow to Jakarta's sovereignty and could prompt a shift.[58]

Alternatively, China's reclamation works underway in nearby Chinese-occupied features—and the attendant infrastructure there like more airstrips—could place Chinese aircraft and ships much closer to Indonesia and increase encounters between Indonesian fishermen and Chinese patrol vessels.[59] This might gradually prove too much to bear for Indonesia. There could also be more indirect developments, such as a clear failure to conclude a code of conduct on the South China Sea or a fracturing of ASEAN consensus along the lines of what was witnessed in 2012, which could prompt Indonesia to take a stronger role in the South China Sea disputes.

[56] Arsana and Schofield (2013).

[57] For more details, see: The National Institute for Defense Studies (2012). Indonesian vessels encountered a similar problem in another incident in 2013. For a public report in Bahasa Indonesia, see: For a public report of the incident in Bahasa Indonesia, see: Garuda Militer (2013).

[58] An Indonesian official the author spoke to confirmed that this would constitute a red line, but also said that this was far from happening.

[59] Meick (2014).

Changes within Indonesia under Jokowi or another future president could also prompt a shift, even though some of them may seem much less likely than the aforementioned external ones. For example, given some of the strident comments made by Indonesian officials on the South China Sea, including an op-ed in the *Wall Street Journal* by General Moeldoko and comments by Air Force Chief Zaini in 2014, some have continued to worry about fissures between the Indonesian military and civilian leadership.[60] Put more specifically, the concern is that since Jokowi has much less knowledge of and interest in foreign affairs relative to Yudhoyono, he could leave foreign policy-making on issues like the South China Sea to his key advisers instead of taking leadership himself, thereby creating greater opportunities for more hawkish views to come to the fore and opening up the possibility of a shift.[61]

There have also been suggestions that the Jokowi administration's greater focus on maritime issues and tougher line on preserving the country's territorial integrity and sovereignty could lead it to a more hardline South China Sea approach.[62] Jokowi's 'sink the vessels' policy to combat illegal fishing—which has included seizing Chinese ships—as well as his efforts to improve Indonesia's maritime capabilities as part of his 'global maritime fulcrum', could gradually lead Jakarta to place more emphasis on the harder edge of its South China Sea policy, perhaps even abandoning some of its engagement or enmeshment initiatives.[63]

Even if some of these changes do occur over time, however, we are unlikely to witness drastic changes in Indonesia's approach to the South China Sea that some fret about anytime soon, such as Jakarta publicly declaring itself a claimant in the disputes, becoming a much more active and formal mediator in the South China disputes (as opposed to an informal or honest broker, as it has in the past), or shifting to a significantly more assertive and hostile policy towards China.[64] Three structural constraints in particular mitigate the potential changes that could arise.

First, normatively, it is difficult to see Indonesia shift its position drastically—such as announcing itself as a claimant or becoming an official mediator—because it is walking a tightrope between its own perceived neutrality as well as its self-interests, and neither its interests nor the conditions on the ground seem likely to change anytime soon. As long as China does not give Indonesia clear and consistent response on the Natunas issue, which it has not despite repeated engagements since the 1990s, it is in Jakarta's interests to maintain ambiguity on the matter and preserve the moral high ground rather than to legitimize China's perceived illegitimate claims. Similarly, as some Indonesian diplomats such as Arif Havas Oegroseno have tirelessly pointed out, while Indonesia can continue to see itself

[60] For an example of such a view, see: Nabbs-Keller (2014).

[61] See, for instance: Connelly (2014).

[62] Center for a New American Security (2014).

[63] For an explanation of the sink the vessels policy, see: Parameswaran (2015c).

[64] For an articulation of some of these alternatives, see: Supriyanto (2012) and Hellendorff and Kellner (2014).

as an 'honest broker' and as a facilitator of confidence-building measures through a Track II approach via workshops or from within ASEAN, it is premature for Jakarta to be an outright and official mediator by itself because the South China Sea disputes are still being and have not approached the mediation stage, with negotiations still stuck on implementing the DOC and COC.[65]

Second, materially, Indonesia is still far from possessing the capabilities needed to confront China, which in turn restricts its ability to adopt a more assertive position against Beijing in the near future even if it so desires. As of now, even Indonesian officials have admitted that the country is unable to perform basic functions like controlling its own territorial waters.[66] Other structural problems remain as Jakarta seeks to build up and modernize its military, including budget constraints, a questionable procurement process, an incoherent strategic doctrine (with some outdated elements), and a lack of inter-service coordination.[67] China and the South China Sea are also hardly the only threats on Indonesian foreign policy-makers' minds, and the MEF and other supporting documents suggests that given its current limited capabilities, Jakarta's defense priorities are geared first towards more immediate security risks such as internal conflicts, terrorism and natural disasters, with threats from neighboring states occupying a lower though still significant position within its overall threat matrix.[68]

Third, given Indonesia's *bebas-aktif* foreign policy tradition as well as the growing importance of its relationship with China, it is difficult to envision a significant shift to a hostile attitude towards Beijing over the next few years if current conditions hold. While the South China Sea issue is clearly a concern for policymakers in Jakarta, they also still strongly prefer not to let this single issue get in the way of burgeoning Sino-Indonesian ties. That is not surprising given the fact that China, a "comprehensive strategic partner" since 2013, is now Indonesia's second largest trading partner, its top source of foreign tourists, and a growing investor.

Given these constraints, it is thus much more likely that we will see Indonesia react to any future internal and external changes, to the extent that they occur, by adjusting its delicate equilibrium approach on the South China Sea—most probably by recalibrating the balance between the various components—rather than abandoning entire elements or ditching the policy altogether. The challenge, of course, will be the extent to which the overall approach can accommodate recalibration without rupture.

[65] Oegroseno (2014b).

[66] ANTARA News (2014).

[67] For an elaboration of this point, see: Parameswaran (2014d).

[68] Sukma (2011).

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Chapter 16
The US-Philippine-China Triangle: From Equi-balancing to Counter-Balancing amid the South China Sea Disputes

Richard Javad Heydarian

16.1 The Diplomatic Puzzle

For much of its modern history, the Philippines has operated within the strategic orbit of the US, which, after a brief but decisive war against Spain in 1898, occupied the Southeast Asian nation. The colonization of the Philippines was far from wholeheartedly welcomed by the indigenous population, since Filipino nationalists—the first of their kind in Asia—valiantly opposed the 1898 Treaty of Paris, which transferred, among other colonies, Spanish ownership of the Philippines to the new colonial power. The Philippine-American War (1899–1902) stood as a tangible symbol of the Filipino people's quest for self-determination—inspiring like-minded nationalists, across a whole host of European colonies across Asia, to also fight against imperialism despite all the odds of victory (Anderson 1987; Mishra 2013). But America's decisive edge in firepower proved sufficient to extinguish hopes for an independent Philippines for the foreseeable future. Once the US consolidated its control over the island nation, and squashed the nationalist insurgency, Washington transformed the Philippines into a showcase colony in the region, pushing forward with big-ticket programs such as universal education and massive infrastructure projects (Sheehan 1989; Bello 2006). The US ultimately established the institutional foundations of an American-style democracy in the Asian archipelago. As prominent Southeast Asian scholar Benedict Anderson (1987) notes:

> Americans installed, by stages, a political regime, modelled on their own, which turned out, perhaps to their own surprise, to be perfectly adapted to the crystallising oligarchy's needs. . .. the prominent collaborator oligarch Manuel Roxas became in 1946 the inde-

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pendent Philippines' first President. Before his death in 1948 he had achieved the following triumphs: amnesty for all 'political prisoners' (mainly those held on charges of collaboration); an agreement permitting the US to retain control of its bases in the Philippines for 99 years, as well as a US-Philippines Military Assistance Pact; and the amending of the Commonwealth Constitution of 1935 to give Americans 'parity' access to the economic resources of the 'independent' Philippines (and, of course, the oligarchy's continuing access to the protected American market).

American influence in the Philippines extended far beyond its half-a-century colonization of the Philippines, which formally ended in 1946. Throughout the twentieth century, the Philippines evolved from an American protectorate, standing shoulder to shoulder with Anglo-American powers in the First and Second World Wars, into, over the succeeding decades, an enduring ally, which provided much needed logistical, basing, and diplomatic support for Washington's strategic designs in Asia. The Cold War provided a perfect opportunity for the newly-independent Southeast Asian country to prove itself as a crucial partner in containing the spread of Communism in the Pacific theater, with Manila providing operational support as well as manpower to anti-Communist forces during the Korean War (1950–1953) as well as the Vietnam War (1955–1975). Perhaps nothing underlined the Philippines' significance to American interests in Asia more than the astonishing fact that the island nation hosted the largest American bases outside continental US: Subic and Clark served as the bedrock of American forward deployment presence in Asia, enabling the Pentagon to maintain robust and uninterrupted military footprint in the Western Pacific (Anderson 1999; Bello 2006, 2010).

Despite its strategic proximity to the U.S., the Philippines also began to reach out to China during the 1970s, as the Nixon administration and its successors explored a modus Vivendi with Beijing in order to rein in the Soviet threat in Asia. And as post-Mao China swiftly emerged as a major trading partner of the West, and a critical ally against the Soviet-Vietnamese alliance in East Asia towards the end of Cold War, Manila—along with other American allies such as Tokyo, Seoul, Bangkok and Taipei—began to explore more robust bilateral relations with Beijing. Amid the Philippines' plans to enhance its strategic foothold over contested features and hydrocarbon resources within its 200 nautical-miles Exclusive Economic Zone (EEZ) in the South China Sea, various Filipino administrations, particularly under Ferdinand Marcos (1965–1986), explored strategic accommodation with major claimant states such as China, which actively sought to drive out Vietnamese presence in the Paracels as well as the Spratly chain of islands in the 1970s and the 1980s (Graver 1992). Meanwhile, American bases on Philippine soil served as a deterrence against Chinese adventurism against Manila's interests in the South China Sea. Both Deng Xiaoping—who embarked on a charm-offensive across Southeast Asia shortly after becoming China's new "paramount leader" and opted to halt long-standing financial-logistical support to communist insurgencies across Southeast Asia—as well as his protégé Jiang Zemin—who assiduously pursued closer economic ties with the West and oversaw the transformation of the Chinese Foreign Ministry into a sophisticated diplomatic machinery—managed to carefully cultivate increasingly constructive relations with neighboring states, including the Philippines (Kurlantzick 2007; Kissinger 2011; Shirk 2008).

There was a temporary setback in Philippine-China relations, however, when Beijing sought to exploit the withdrawal of American bases in the Philippines in order to wrest control of features claimed by Manila, culminating in the coercive occupation of the Mischief Reef in 1995, which immediately sparked a diplomatic crisis. Nonetheless, over the succeeding decade, the Philippines and its fellow Southeast Asian countries, under the aegis of the Association of Southeast Asian Nations (ASEAN), managed to de-escalate maritime tensions and explore various diplomatic and confidence-building measures, namely the 2002 Declaration on the Conduct of Parties in the South China Sea (DoC), in order to restore goodwill and trust among disputing parties. By the mid-2000s, the Philippines and China entered what many saw as their "golden age" of bilateral relations, with the Hu Jintao (2002–2012) and Gloria Macapagal-Arroyo (2001–2010) administrations overseeing expanded trade, investments, and even defense relations between the two neighbors (Mendoza and Heydarian 2012). Surprisingly, even the US was impressed by China's efforts to develop constructive and stable relations with the Philippines. Naturally, one would expect the US to be concerned with Beijing's strategic designs towards its key regional ally.

In a cable entitled "More on Hu Jintao's Visit to the Philippines", the American Embassy in Manila had the following to say on the Chinese president's 2005 visit to Manila: "President Hu's charm offensive in Manila does not appear significantly different from that in other ASEAN capitals. Better and broader bilateral ties advance regional interests, as other ASEAN members have also discovered..." Improved diplomatic relations allowed both parties to focus on intractable sovereignty disputes in the South China Sea, paving the way for the negotiation of joint-development schemes such as the Joint Maritime Seismic Undertaking (JMSU) in 2005.[1] Far from becoming alarmed by the pace and trajectory of cooperative relations between the Philippines and China, the US, in a cable entitled "Joint Seismic Survey in South China Sea makes progress", cautiously welcomed the JMSU agreement: "The joint seismic survey offers a good model for potential subsequent cooperation on exploration and exploitation, and fits neatly with Philippine goals of increased interaction between ASEAN and China and the promotion of confidence building measures. The true test of the cooperative spirit, however, will come when the parties may contemplate Extraction."[2]

Since 2010, however, there has been a dramatic deterioration in Philippine-China relations, with top Filipino officials accusing China of acting like a "bully" in the South China Sea, while Beijing has returned the favor by accusing the Philippines of acting like a "troublemaker" in the region, specifically because of the former's decision to seek international arbitration and American involvement in the disputes, part of a broader effort to rally international support against China. In

[1] Cable retrieved from the Wikileaks site, see https://wikileaks.org/cable/2005/05/05MANILA2174.html#

[2] Cable retrieved from the Wikileaks site, see http://www.wikileaks.org/plusd/cables/06MANILA4848_a.html

recent years, specifically since Xi Jinping's ascent to the helm, the two parties have struggled to maintain institutionalized high-level dialogue beyond the ambassadorial level (Heydarian 2015a, b). The question therefore is: What went wrong? Who is to be blamed for the precipitous collapse in bilateral relations? What factors have contributed to the steep re-direction in Philippine-China relations? How have domestic political considerations affected the foreign policy of both countries towards each other? Are we headed towards conflict? And are there mechanisms to de-escalate maritime disputes?

16.2 The Triangular Dynamic

Throughout the twentieth century, the Philippines effectively outsourced its territorial integrity-related concerns to the US. A series of agreements such as the US-Philippines **Military Assistance Pact** (1947), the Military Bases Agreement (1947), and the Mutual Defence Treaty (MDT) of 1951 made Washington the de facto guarantor of the Philippines' survival against external aggression (Bello et al. 1982; Bello 2006). By all means, the US stood as an indispensable ally, featuring at the top of the Philippines' strategic calculations. The post-Cold War era, however, presented new challenges to US-Philippine relations, as a wave of nationalist and pacifist sentiments precipitated a dramatic reduction in American military footprint in the Philippines. With the disintegration of the Soviet bloc, the reintegration of China into the global economy, and the dramatic reduction in proxy aid to communist movements across Southeast Asia, there was a diminishing interest in maintaining large-scale American military presence on Filipino soil. Such sentiment was keenly shared among Filipino nationalists. By now, the focus began to shift to the 'peace dividends' of the end of Cold War: Across the world, countries began to focus on optimizing new market opportunities in an era of economic globalization, and began to pay greater attention to non-traditional/human security concerns in the developing world, from climate change and maritime piracy to population management and food security. No wonder, in the minds of a growing number of Filipino leaders retaining a humungous American military presence on Philippine soil seemed increasingly passé, if not totally anachronistic. Aside from the Philippines' evolving strategic calculus, precipitated by the historic re-configuration of the global security landscape, there was also a domestic political dimension: American bases were occasionally mired in controversies surrounding the abuse of Filipino nationals by foreign troops, who, to the chagrin of nationalist elements at home, enjoyed immunity against prosecution by domestic courts. Feminists, pacifists, and nationalists began to collectively question the rationale for extending the duration of stay for American bases. There was no longer an 'existential external threat' (from the Soviet bloc) to justify the negative externalities of hosting foreign military troops. Among the Filipino political elite, there was now a serious discussion on the necessity for the country to primarily rely on its own capabilities against external threats. The US would remain as a top ally, but the

Philippines would no longer act as a de facto satellite state. It was time to re-assert Philippine national sovereignty.[3]

Reformulating the Alliance The US offered $203 million in annual aid for an extended lease on 60,000-acre Subic base, which served as the principal ship-repair installation in East Asia. But the Philippine Senate, narrowly dominated by the nationalists, played a crucial role in abrogating American military presence by refusing to extend the 1947 basing agreement for another decade or so (Sanger 1991). But there was also some change of heart on the American side: Maintaining gigantic bases in Subic and Clark proved to be extremely costly; ignoring the shifting public opinion in the Philippines was also out of question. Strong-arming weaker allies into accepting controversial, unpopular agreements was by now considered a relic of the Cold War. The last thing the US wanted to do was to alienate the Filipino public (and a significant portion of the political class) by forcibly extending its costly tenure on Philippine soil, though the Cory Aquino administration (1986–1992) strongly favored the extension of the American bases agreement. The increasingly nationalist Philippine Senate made the best use of its constitutional privilege to ratify bilateral security agreements in order to frustrate efforts by the Corazon Aquino administration to re-negotiate the terms and extend the duration of American military presence on Philippine soil. Washington also refused to adjust its negotiating position, particularly on the amount of rent it was willing to pay, and instead proceeded with searching for alternative bases in the region. It didn't take long before Nature stepped in, with the volcanic eruption of Mount Pinatubo (1991) exacting a heavy toll on American assets in Subic. The cost of refurbishing the American bases and extending the bases agreement became even more prohibitive. By 1992, American bases were terminated, leaving a perceptible power vacuum in the region. But it didn't take long before the Philippines regretted ejecting American troops. By 1995, the Philippines confronted a diplomatic crisis with China, when Chinese naval forces wrested control of the Mischief Reef in the South China Sea and began to harass Filipino fishermen straddling the Philippine-claimed feature and its surrounding waters. To the Philippines' horror, China soon began to build a military compound on the toll, effectively consolidating its expansive territorial claims well into Philippine claimed waters. A military confrontation was out of question, since the Philippines lacked the necessary aerial and naval power to drive out the Chinese troops without risking an unwanted escalation with its powerful northern neighbor. In response, the Philippines, under the Ramos administration (1992–1998), adopted a three-pronged approach: First, he called for acceleration of the Armed Forces of the Philippines (AFP) Modernization Act in order to enhance the country's minimum deterrence capability; second, he launched a diplomatic offensive in multilateral fora such as the ASEAN, calling for a unified response to China's brazen and opportunistic territorial posturing in adjacent waters; and lastly, he sought to revitalize bilateral

[3] For instance see Lourders (2006).

security ties with the US, culminating in the 1998 Visiting Forces Agreement (VFA), which allowed a substantial U.S. military presence in the country under the guise of joint-military exercises and American military assistance to its Asian ally. Stung by China's aggressive maneuver against Taiwan in the mid-1990s—forcing Washington to deploy two aircraft carrier battle groups, Carrier Group Five led by USS *Independence* and Carrier Group Seven led by USS *Nimitz*, to the Taiwan Strait—the Clinton administration was eager to explore a new security framework, which would bolster American military footprint in the Asia Pacific region. It didn't take long before a new front was opened, encouraging greater security cooperation between the Philippines and the US (Lourders 2006; Heydarian 2010).

16.2.1 The Return of American Bases

The tragic events of 9/11 provided the backdrop for a new international struggle, the "Global War on Terror" (GWOT). Soon, the Philippines became a critical component of the US' efforts to confront Islamic fundamentalism. In December 2001, the Philippines became part of Operation Enduring Freedom—Philippines, paving the way for the deployment of members of Special Operations Command Pacific (SOCPAC) to the Philippines troubled south in early-2002. Aside from the Greater Middle East, with Afghanistan emerging as a major haven for religious extremism, Southeast Asia, home to multiple Islamist insurgencies and radical religious groups, was now identified as the second major front in the GWOT. *The New York Times* described SOCPAC mission in the Philippines as the "the largest single deployment of American military might outside Afghanistan to fight terrorists since the Sept. 11 attack" (Schmitt 2002). The US began to augment its troop presence in Mindanao, albeit on a rotational basis, offering logistical and intelligence support to the AFP, which was locked in a war of attrition with multiple Islamist insurgency groups of varying persuasions and ideological-ethnic backgrounds, ranging from the 11,000-troops-strong Moro Islamic Liberation Front (MILF), the Philippines' largest insurgency group, to smaller radical groups such as Abu Sayyaf Group (ASG) and Jemaah Islamiya (JI), the al-Qaeda regional offshoot (Morada 2006; Heydarian 2010).

In 2003, the Department of Defense (DoD) announced a combined Philippine-IS operation against Abu Sayyaf, raising concerns over the potential direct participation of U.S. forces in combat operations on Filipino soil.[4] The operation involved more than 1000 American defense personnel providing varying forms of support to the AFP—potentially in direct contravention of Philippine constitutional restrictions on presence of permanent foreign troops and their participation in combat

[4] For a comprehensive overview of American-assisted GWOT overseas operations, including in the Philippines, see Feickert (2006).

operation. Soon, there were multiple reports suggesting not only the direct participation of American troops in combat operations, but also the establishment of special bases for training mercenary private contractors such as the infamous Blackwater group. It didn't take long before high-profile politicians, including prominent senators such as Loren Legarda, began to raise questions as to the validity of the VFA, and the necessity to review its provisions for possible breach of Philippines' constitutional provisions and national sovereignty. Under pressure by the media and opposition leaders, the Philippine government conducted its own investigations, including a formal review of the VFA. Once again, there were growing concerns as to whether existing security ties with the US were serving the Philippines' national interest.

16.2.2 The China Factor

The conduct and nature of the GWOT injected new anxieties into the Philippine-US relations. The G.W. Bush administration sought maximum cooperation from allies such as the Philippines in order to confront Islamic radicalism. Eager to maintain cordial ties with its top ally, the Philippines joined the "Coalition of the Willing" (COTW) forces, which provided logistical support—and provided a veneer of multilateral legitimacy to the highly controversial American occupation of Iraq. The year 2004 proved to be a crucial juncture in the Philippine-US-China triangle. Fresh from a controversial election, mired in massive irregularities and followed by huge protests, President Arroyo stood on shaky political grounds. Given her limited political capital, she became more and more dependent on external support, especially from the US. Arroyo painstakingly sought to reassure Americans of her unwavering commitment to remain as a critical partner in the GWOT. Her weak standing among the Filipino public, however, constrained her elbow room for foreign policy maneuvering. Things came to a head when an al-Qaeda affiliate in Iraq took a Filipino overseas worker, Angelo dela Cruz, hostage. In exchange for his release, the group demanded the withdrawal of Filipino troops, who provided logistical support to Americans as part of the COTW, from Iraq. Stuck between a rock and a hard place, Arroyo eventually decided to give into domestic political pressure, as thousands of protesters demanded for the safe release of the Filipino hostage, even if this meant the withdrawal of Filipino troops from Iraq—to the chagrin of Washington. The Bush administration's uncompromising motto of "you are either with us or against us" meant that the Arroyo administration's actions risked decreased U.S. military and economic assistance. Eager to contain the strategic fallout of her decision to downgrade Philippine support for the COTW, the Arroyo administration adopted an equi-balancing strategy, recalibrating Philippine dependence on the US by knocking on China's door. What followed was a sustained period of unprecedented expansion in bilateral ties with China (Morada 2006; Heydarian 2010).

16.2.3 The Golden Age

President Arroyo's September 2004 state visit to Beijing signaled a new relation ship between the two countries. Two months after Arroyo's visit to China, where she met President Hu Jintao, Filipino and Chinese defense ministers signed a Memorandum of Understanding (MOU) on Defense Cooperation. Expressing their commitment to deeper strategic ties, both sides explored sustained military exchanges, especially among their top defense personnel, with Beijing offering $1.2 million in military assistance to Manila (Morada 2006). In a predicable exercise of its economic statecraft, a booming China offered greater economic carrots to its poorer neighbor. China offered large-scale investments in the Philippines' decrepit transport and telecommunication infrastructure, with the NBN-ZTE and Philippine North Rail Project featuring among the most prominent Filipino-Chinese joint ventures. Soon, bilateral trade experienced a dramatic rise, increasing from $17.6 billion in 2005 to $23.4 in 2006 and $30.6 billion in 2007 (ASEAN Affairs 2010). China was well on its way to become among the Philippines' top trading partners, projected to even eclipse Japan and the US in the coming decades. China's growing economic footprint in the Philippines was part of a larger trend of accelerating Chinese trade and investment ties with the Asian neighborhood and beyond. By late-2000s, China would emerge as the top trading partner of practically all countries in East Asia, with the notable exception of the Philippines (Jacques 2012). Amid deepening trade and investment ties between China and the Philippines, the Arroyo administration sought to put a lid on maritime disputes between Manila and Beijing in the South China Sea. Following Deng Xiaoping's dictum of postponing intractable sovereignty-related disputes in favor of pursuing common interests, the Arroyo administration, together with Vietnam, entered into a joint-development scheme with China. Under the JMSU (2005–2008), the three countries jointly explored hydrocarbon potentials in identified areas of overlapping claim in the Spratly chain of islands. In 2009, the Arroyo administration refused to join—and later formally protested against—the joint Malaysia-Vietnam submission of their extended continental shelf claim in the South China Sea to the United Nations (UN). Irked by the submission, Beijing responded by publicizing its controversial "nine-dashed-line" claim. The Philippine government at the time was eager to maintain stable ties with China by refusing to formally submit its claims to the UN (International Crisis Group 2012). The Arroyo administration's seemingly pro-China policies would later come back to hunt her. Critics allege that the JMSU is unconstitutional for violating the National Economy and Patrimony provisions of the 1987 Constitution. According to the Article XII, Section 2 of the National Economy and Patrimony provision of the Philippine Constitution: "The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. . .The State shall protect the nation's marine wealth in its archipelagic waters, territorial sea, and exclusive economic zone, and reserve its use and enjoyment exclusively to Filipino citizens." The Section 10 of the JMSU, which compels parties to withhold information about the agreement for

an extended period, also allegedly violated Philippines' legal provisions on transparency in government contracts as well as the constitutional provision on the obligation of the executive branch to "notify Congress with every contract entered into within 30 days from its execution" (Colmenares 2008). Critics have sought the Philippine Supreme Court to strike down the JMSU as unconstitutional. The Philippine public became even more suspicious, raising the possibility of treason and betrayal of the country's national interest, when there were discussions over the possibility that the Arroyo administration agreed to joint-development in areas, which were not even actively claimed by China (International Crisis Group 2012). To make matters worse, the Arroyo administration would also be embroiled in corruption scandals vis-à-vis alleged kickbacks and overpricing in the NBN-ZTE deal. It didn't take long before members of the opposition and media began accusing the Arroyo administration of selling out the country's national interest to China. Soon, President Arroyo, who stepped down from office in 2010, would go down in history as one of the Philippines' most unpopular leaders in recent memory (Philippine Daily Inquirer 2008).

16.2.4 The Reversal

Against the backdrop of growing popular opposition to the Arroyo administration and its alleged corrupt practices, the only son of the Philippines' two most revered leaders—democratic icon Benigno "Ninoy" Aquino and former President Corazon "Cory" Aquino, who both played a critical role in the downfall of the Marcos dictatorship in 1986—climbed out of political obscurity to contest for the 2010 presidential elections. Benigno "Pinoy" Aquino is in many ways the Philippines' 'accidental president'. After all, he is said to have not only shunned running for the Philippine Senate in the past, preferring to stay as the district representative of his idyllic hometown in Tarlac and taking care of the extended Aquino clan so dear to him, but also hardly harbored any concrete ambitions for the top political office in the country. He was neither known to be a stellar legislator, nor featuring among the high profile, ambitious, and flamboyant legislators, who fixed their gaze on the top prize. His decision to climb the ranks of Philippine political pyramid was largely due to the persistent (and ultimately successful) persuasion efforts of family members and siblings, who believed in his leadership qualities and ability to contribute to the nation's betterment. No wonder, "Pinoy" had a unique conception of political ambition as a moralistic fulfillment of a larger obligation to the collective. After all, he always lived in the shadows of his parents, who are deeply revered for their personal integrity and contributions to Philippine democratization. Shortly before the 2010 presidential elections, "Cory" Aquino passed away. Grasping the significance of the moment, "Pinoy" sought to carve out his own place in history by translating widespread public sympathy into a formidable campaign to rid the country of its recent troubles: a decade of massive corruption, economic imbalances, and political instability under the Arroyo. Staying true to the moral

creed of his parents, who believed in accountable and democratic leadership, Aquino identified 'good governance' and the fight against corruption as the central theme of his presidential campaign. His was a moral crusade against the Arroyo administration, vowing to prosecute the former president and her allies for plunder and abuse of public office. His initiative not only struck a chord among the electorate, but also eventually came to impress global investors and leaders, who credited Aquino's much-awaited crackdown on corruption and abuse of public office. And this proved to be not only a precursor for an unprecedented period of political stability and economic growth in the country, but also a cornerstone of Aquino's charisma anchored by an untarnished image of personal integrity and sincere leadership (Heydarian 2014a). Aquino's high-profile anti-corruption drive would inevitably have an impact on Philippine-China relations, especially because of the NBN-ZTE corruption scandal, widely shared concerns with large-scale bribery accompanying Chinese investments abroad, as documented by reputable surveys such as the *Bribe Payers Index,* and the perceived treasonous nature of Arroyo's South China Sea-related policies vis-à-vis China. Aquino was determined to prove how he represented the polar opposite of his predecessor, who was accused of corruption, and selling out Philippines' national interest in the South China Sea. Throughout his tenure, Aquino faced at least three major foreign policy crises vis-à-vis China. Each instance tested Aquino's leadership mettle, and his willingness to rich out to and find a common ground with China. The first was the Manila hostage crisis in August 2010, which led to the death of eight Hong Kong nationals died and injuries among nine others at the hands of a disgruntled former police officer. China, in solidarity with the government of Hong Kong, which accused the Philippine government of grossly mismanaging the crisis, demanded for public apology from Aquino. But the Aquino administration refused to budge in, arguing that since the perpetrator was not acting on behalf of the Philippine state and that the tragic incident took place under the watch of the Manila City administration, there was no necessity for the Filipino head of state to personally issue an apology. It didn't take long before the tragedy evolved into a diplomatic crisis, with Hong Kong officials threatening economic sanctions and travel restrictions against the Philippines. Beijing consistently showed support for Hong Kong government in its diplomatic statements, while introducing its own travel restrictions against the Philippines. The Aquino administration was placed under tremendous diplomatic pressure by Beijing and Hong Kong. To prevent further estrangement in bilateral ties, Aquino began "tiptoeing" around China The second crisis had to do with Aquino's dilemma over whether he should accept the invitation to attend the 2010 Nobel Peace Prize ceremony honoring Chinese dissident Li Xiaobo, a prominent pro-democracy and human rights activist who has been incarcerated by Chinese authorities. On the advice of his advisors, Aquino caved in to Chinese pressure, turning down an invitation to attend. As the president of one of Asia's oldest democracies, and the son of pro-democracy icons, Aquino's attendance in the Nobel Peace Prize ceremony carried a huge symbolic value. So by refusing to attend the event, the Philippines joined a group of mostly autocratic clients of China that also boycotted the ceremony out of solidarity with Beijing. Acknowledging

Aquino's difficult choice, Beijing expressed its deep appreciation for Manila's display of support, with Chinese Ambassador to Manila Liu Jianchao stating, "I appreciate the understanding shown by the Philippine government of the Chinese people and the Chinese government." (Heydarian 2010). The most important crisis, however, had to do with growing China-Philippine tensions in the South China Sea. And it was here where Aquino had to put up a tough front, which hugely bolstered his position at home and among allies abroad, principally the US, which began to become increasingly concerned by China's growing foreign policy and territorial assertiveness, especially since 2010. With the 2008 Global Financial Crisis heavily undermining Western economies—coupled with a decade of military adventurism under the Bush administration, which undermined American diplomatic capital and squandered its fiscal conditions—China began to assert its interests abroad more forcefully, especially in East Asia. In one cable (Feb. 12, 2010), entitled "Stomp around and carry a small stick: China's new 'global assertiveness'," the American embassy in Beijing takes note of this precipitous shift in Chinese foreign policy:

> The harsh (per usual) PRC [People's Republic of China] reaction to the recent U.S. announcement of arms sales to Taiwan and President Obama's intention to meet with the Dalai Lama has focused Chinese domestic attention on a phenomenon already observed (and criticized) abroad: China's muscle-flexing, triumphalism and assertiveness in its diplomacy. Foreign diplomats note that China is making no friends with its newly pugnacious attitude, but the popular assessment of China's stance, personified by the nationalistic, jingoistic and Chinese Communist Party-affiliated newspaper Global Times (Huanqiu Shibao), is "it's about time."[5]

In another cable, U.S. ambassador to Beijing, Clark T. Randt, wrote, "Perceived threats to China's security posed by Japan's participation in missile defense or by future high-tech US military technologies might cause tomorrow's Chinese leaders to change their assessment and to exert economic pressures on US allies like Thailand or the Philippines to choose between Beijing and Washington." (Dimacali 2010). Clearly, Washington was by now increasingly alarmed by the new direction in Chinese foreign policy. It was time to step in.

16.3 The US Steps In

During the ASEAN Regional Forum gathering in July, 2010, the ASEAN, under the chairmanship of Vietnam, another direct claimant state caught in a bitter territorial dispute with China, challenged Beijing's expansive territorial claims to the South China Sea. With the United States focused on freedom of navigation (FoN) in the South China Seas, an artery of global trade, Secretary of State Hillary Clinton affirmed that "[l]egitimate claims to maritime space in the South China Sea should

[5] Retrieved from the Wikileaks website, can be found here https://wikileaks.org/plusd/cables/10BEIJING383_a.html

be derived solely from legitimate claims to land features." To China's chagrin, Clinton affirmed the U.S.' position that FoN in international waters, specifically the South China Sea, constitutes a "national interest" issue for Washington, encouraging the states to resolve the issue in accordance to international law and pushing for the establishment of a Code of Conduct (CoC) in the contested area—a goal embedded in the 2002 ASEAN-China DOC. No longer willing to hold on to its more than a decade of carefully-crafted diplomatic language and rhetorical finesse, China's response was this time swift and brusque, with Chinese Foreign Minster Yang Jiechi accusing ASEAN members, particularly Vietnam and the Philippines, of conniving in order to corner Beijing. According to *The Washington Post*, the Chinese Minister, looking at his Singaporean counterpart, went so far warning, "China is a big country and other countries are small countries, and that's just a fact." (Pomfret 2010). China sought to send a direct message to its smaller ASEAN neighbors: No longer just a rising power, China was by now *the* regional power that demanded respect, if not total submission, and it will not tolerate any form of diplomatic affront by its smaller neighbors. Taking note of China's aggressive rhetoric, on top of its growing assertiveness on the ground, the Aquino administration sought to facilitate growing US-ASEAN cooperation against China. During the 2010 US-ASEAN Leaders meeting in New York, President Aquino and U.S. President Obama held sideline discussions, reiterating their joint commitment to maintaining regional stability in light deepening maritime disputes between ASEAN countries, particularly Vietnam and the Philippines, and China. In addition, Aquino pushed the diplomatic envelope by expressing strong support for Clinton's remarks during the ARF meeting, including her call "collaborative diplomatic processes," he voiced concern over China's growing military maneuver ing in the Spratly chain of islands. Aquino called for a united front should China resort to settle the issue through force. In response, the Chinese envoy in Philippines tried to express its willingness to contain the brewing diplomatic showdown by saying it would not comment on Aquino's remarks on the South China Sea until the dust over the 2010 Manila hostage crisis incident settled (Heydarian 2010).

Far from improving the situation, America's entry into the disputes, however, encouraged further belligerence on China's side. It also encouraged regional allies such as the Philippines to continuously test America's defense treaty commitments by upping the ante and confronting China (Ross 2012). By 2011, both Vietnam and the Philippines reportedly fell victim to harassment by Chinese para-military forces, which tried to block energy exploration surveys by the two ASEAN countries in the South China Sea. The Philippines has been particularly sensitive about Chinese para-military patrols in the vicinity of the oil-rich Reed Bank, a contested area just off the coast of Palawan, the Philippines westernmost province. The Reed Bank, which is extremely close to the Filipino shores and may hold among the biggest hydrocarbon reserves in the South China Sea, is seen as a potential game-changer for the Philippines' energy-hungry economy in the coming decades, provided the Philippines can—without Chinese obstruction—proceed with exploration and drilling in the area. But Chinese para-military maneuvers in the area have dissuaded investors from chipping in. The Reed Bank became a

central flashpoint in Philippine-China relations, until the Scarborough Shoal stand-off in mid-2012. The incident was triggered when the Philippines dispatched a navy frigate, *Gregorio Del Pilar*, to apprehend Chinese fishermen "illegally" exploiting marine resources in the Scarborough Shoal, which is located 123 miles west of Subic Bay in the Philippines and 560 miles away from nearest Chinese coastline. The shoal fell well into the Philippines' 200 nautical miles Exclusive Economic Zone (EEZ), so the Philippines exercised its right to protect what it considered as the illegal exploitation of its natural resources and an affront to its territorial integrity. The Philippine Coast Guard (PCG), which is supposed to be the lead agency in enforcing Philippine maritime and fisheries-related regulations, was reportedly unable to dispatch its officers due to unfavorable weather conditions. In response, China deployed an armada of well-equipped para-military vessels, which practically placed the Filipino warship under siege, threatening a potentially destructive military confrontation. It also imposed new travel restrictions and non-tariff-barriers against Filipino agricultural produce as a form of retaliation. After months of painstaking negotiations, partly facilitated and fully encouraged by Washington, both sides reportedly agreed to a mutual disengagement deal to de-escalate tensions (International Crisis Group 2012). It didn't take long, however, for China to cordon off the area and effectively take control of the contested shoal, over which Manila has exercised varying degrees of jurisdiction since the Spanish colonial era (Heydarian 2012). The Scarborough Shoal incident deeply embittered bilateral ties, convincing the Aquino administration that the way forward was international law. It also encouraged the Philippines to upgrade its defense ties with the US, culminating in the 2014 Enhanced Defense Cooperation Agreement (EDCA), which came after five rounds of excruciating negotiations between Manila and Washington.

16.3.1 The Fog of Law

In early 2013, the Philippines, led by Foreign Secretary Albert Del Rosario, led the commencement of the arbitration proceeding at Arbitral Tribunal at The Hague, under the aegis of the United Nations Convention on the Law of the Sea (UNCLOS).[6] As a former ambassador to Washington, Del Rosario is largely seen as a key interlocutor between the Philippine and American defense and foreign policy establishments. He has also been viewed as a staunch supporter of greater American military footprint in East Asia to counter growing threats posed by China's rise. Despite repeated Chinese protestations, and even threat of sanctions and reprisals, the Philippines proceeded with the submission of its Memorial (formal complaint) in March 2014. China consistently expressed its opposition to the arbitration proceedings, and reportedly even offered certain carrots to persuade

[6] For an excellent overview of the Philippine-China arbitration showdown see Batongbacal (2015).

the Philippines to postpone the submission of the Memorial—to no avail (Heydarian 2015a, b). On the surface, China's claims seem to be unambiguously ambitious and provocative. Latest Chinese maps indicate Beijing claims sovereignty over almost the entirety of the South China Sea. Drawing on the doctrine of "historical rights", China claims "inherent and indisputable" sovereignty over much of the South China Sea. A deeper look, however, reveals the inherently ambiguous nature of China's claims: It is still unclear whether China is treating the disputed waters as a virtual internal lake, or, alternatively, only laying claim to individual features and their surrounding territorial waters. Beijing has yet to clarify the precise coordinates of the "nine-dash-line" doctrine, which hasn't been consistently laid out in Chinese documentations. The emerging consensus is that the ambiguity is deliberate and strategic: China, through its expansive (but imprecise) cartographic claims, can project toughness and patriotic ambition before a hypernationalist domestic audience without risking the legal ramifications of explicitly defending what many see as inherently indefensible maritime claims. As an artery of global trade, the South China Sea is by no means a bay or any near-coastal water that can be subjected to historical, rights-based claims. Not to mention, China has neither exercised continuous and uncontested control over the area, nor have its neighbors formally accepted China's ambitious claims. Throughout the post-colonial period, China's newly independent Southeast Asian neighbors, from the Philippines to Malaysia and (South and North) Vietnam, have assiduously sought to fortify their positions in the South China Sea. The UNCLOS, which came into effect in the immediate aftermath of the end of Cold War, provided new sets of principles to guide maritime sovereignty claims, determine maritime delimitation issues and steer a rules-based resolution of territorial disputes. As a signatory to the UNCLOS, all key claimant states in the South China Sea are expected to play by the existing rules of the game. (Although Washington is not a signatory to the UNCLOS, thanks to the intransigence of a hardline minority in the U.S. Senate, it has observed the principles of UNCLOS in actual policy.) To be fair, China has (under Article 298 of the UNCLOS) opted out of compulsory arbitration over territorial delimitation, military and sovereignty-related issues. So it should come as no surprise that Beijing has boycotted the arbitration procedures, initiated by the Philippines (under Article 287 and Annex VII of the UNCLOS) in 2013.[7] Before the December 15 deadline to submit its defense to the Arbitral Tribunal, China released (December 7) a position paper, which forwarded three major arguments: First, the arbitration body has no jurisdiction over the Philippines' complaint, which fundamentally concerns questions of sovereignty; second, China has "indisputable and inherent sovereignty" over the disputed features in the South China Sea, since its "historical rights" transcend the jurisdiction of the UNCLOS; and lastly, the Philippines has violated prior agreements, both bilateral and multilateral, by initiating compulsory arbitration over the South China Sea disputes. The Philippines, however, maintains that it is precisely China that has violated prior agreements,

[7] For a backgrounder on this issue, for instance see Burke (2013).

particularly the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC), which explicitly discourages competing parties from unilaterally altering the status quo in disputed areas. In recent years, China has expanded construction activities in both the Paracel and Spratly islands, widened its paramilitary patrols across disputed waters and coercively challenged the Philippines' claims in the Scarborough Shoal (2012) and the Second Thomas Shoal (since mid-2013). Moreover, the Arbitral Tribunal, the Philippines argues, has the mandate to determine whether the complaint against China falls under its jurisdiction, despite China's expressed opposition to compulsory arbitration. To skirt around the issue of sovereignty, which transcends the jurisdiction of the Arbitral Tribunal, the Philippines astutely framed its case as one that concerns (i) the determination of the validity of China's claims based on the provisions of the UNCLOS, and (ii) the determination of the nature of the disputed features (Article 121), specifically whether they can be appropriated, as well as generate their own territorial waters.[8] It is conceivable that the Arbitral Tribunal will assert jurisdiction over the disputes, as well as assess the merits of the Philippines' memorial before the end of 2016. Although the United States doesn't take a position on competing sovereignty claims in the South China Sea, it has indirectly supported the Philippines' position by (i) calling for the resolution of the disputes in accordance to the international law (i.e., UNCLOS) and (ii) explicitly questioning the validity of China's "nine-dash-line" doctrine.[9] As a treaty ally, Manila, quite naturally, expects maximum support from Washington amid the ongoing disputes. So far, however, the Obama administration hasn't explicitly guaranteed American military support in an event of conflict over disputed features within the Philippines' 200-nautical-mile Exclusive Economic Zone (EEZ). The Obama administration is engaged in a broader balancing act, which tries to maintain stable bilateral ties with China on one hand, and express American commitment to its bilateral security alliance with the Philippines on the other (Heydarian 2014b). Certainly, Vietnam upped the ante by joining the legal fray, submitting its position paper to the Arbitral Tribunal in The Hague. Hanoi expressed its support for the Philippines' case, rejected China's "nine-dash-line" claims and called for the arbitration body to take into consideration Vietnam's sovereignty claims and interests in the South China Sea. Vietnamese prime minister Nguyen Tan Dung, who is widely seen as a firm supporter of a stronger Vietnamese-American strategic partnership, went so far as declaring: "We are prepared and ready for legal action...We are considering the most appropriate timing to take this measure." Meanwhile, Vietnam's two most-advanced Russian-made warships (HQ-011 and HQ-012) made a historic port call to the Philippines, underlining a blossoming Philippine-Vietnam partnership and displaying Vietnam's rapidly growing conventional-military capabilities. Obviously, Filipino officials were ecstatic, with the Department of Foreign Affairs exclaiming: "Vietnamese position

[8] For a backgrounder on the ambiguities of the Article 121, and divergent interpretations of it by competing claimant countries, for instance see Song (2010).

[9] For instance, see The U.S. State Department's position paper.

is helpful in terms of promoting the rule of law and in finding peaceful and nonviolent solutions to the South China Sea claim."

It is, however, unclear whether Vietnam is fully committed to joining the Philippines in initiating compulsory arbitration over the South China Sea disputes. After all, Vietnam's leading officials have tirelessly sought to revive communication channels with Beijing in an effort to revive bilateral ties and prevent a dangerous showdown. It is quite possible that the Vietnamese leadership simply felt compelled to show solidarity with the Philippines, as well as project a tough image on the issue in light of growing domestic clamor for stronger defense of Vietnamese claims in the South China Sea. As Vietnam expert Carl Thayer wryly puts it, Hanoi's decision to express its stance—without formally initiating an arbitration procedure against China—represents "a cheap way of getting into the back door without joining the Philippines' case."

Nonetheless, China felt it was necessary to also rebut and reject Vietnam's pronouncements on the issue. As a full-fledged member of the international community, Beijing is intent on countering any suggestion that it has acted outside the parameters of international law and norms. China is among those select countries that have seating judges in both the International Court of Justice (Xue Hanqin) and International Tribunal for the Law of the Sea (Zhiguo Gao). But it is far from clear whether China's leadership is willing to risk a domestic nationalist backlash and roll back its strategic maneuvers in the South China Sea in order to avoid an embarrassing legal outcome. It is quite possible that China will respond to any unfavorable legal adjudication by further hardening its position: consolidating its claims on the ground, launching a PR blitzkrieg against the Arbitral Tribunal and the Philippines and resorting to sanctions and other diplomatic measures to punish and isolate Manila. In the end, any legal arbitration might simply exacerbate the ongoing disputes, undermining prospects for much-needed bilateral engagement among disputing parties, especially between the Philippines and China. As of this writing, there at least two questions over the arbitration issue: First, whether the Arbitral Tribunal will exercise jurisdiction over the Philippine-China case in absence of Chinese consent to participation; and second how far will the adjudication body go in questioning China's expansive claims and assertive posturing in the South China Sea. After all, it is highly probable that the Arbitral Tribunal will seek to hedge its bets by striking a middle ground: That is to say, it will proceed with the compulsory arbitration, but fall short of fully supporting the Philippines' legal arguments against China's "nine-dashed-line" doctrine and territorial posturing in the South China Sea, stretching from the Scarborough Shoal to the contested features in the Spratly chain of islands.

16.3.2 Upgrading US-Philippines Ties

Bereft of any credible minimum deterrence capability, Manila has had little choice but to step up its defence cooperation with Washington. The ongoing deadlock over

the negotiation of a legally binding CoC in the South China Sea (being negotiated under the auspices of ASEAN) has exacerbated the Philippines' security dilemma, further tilting Manila into Washington's orbit. US President Barack Obama's mid-2014 visit to the Philippines coincided with the formal signing of the EDCA. Under the new agreement, US forces will gain rotational access to Philippine bases, adding much needed momentum to the Obama Administration's 'pivot to Asia'. The EDCA could significantly deepen America's strategic footprint in Asia, with Filipino officials poised to offer up to five military bases to US military personnel. Among Philippine bases under consideration are Clark airfield, Subic Bay, Poro Point, Camp Aguinaldo and Fort Magsaysay (Mogato 2014). The EDCA primarily builds on existing Philippine-US defence cooperation schemes by expanding joint military exercises, enhancing interoperability between the two allies' armed forces, and deepening US assistance to the Philippines in both traditional and non-traditional security realms. With the US increasing its military access across the Philippines, there will most likely be a drawdown in US counter-terrorism related operations in the southern Philippine island of Mindanao, where Navy SEALs, US Army Special Forces and other commandos have been assisting and training their Filipino counterparts since 2002. The Philippines' enhanced counter-terrorism capabilities, backed by an increasingly promising peace process in Mindanao, has encouraged a greater focus on developing the country's conventional military capabilities as well as its ability to cope with humanitarian disasters, many due to extreme weather conditions amid intensifying climate change (Lamother 2014). Filipino officials hailed the EDCA as a reflection of a deepening bilateral military alliance, enhancing the Philippines' capabilities to manage emerging security challenges. Philippine Foreign Secretary Albert Del Rosario, a key figure behind the deepening Philippine-US defence alliance, argued that the EDCA 'mark(ed) a milestone in (Philippine-US) shared history as enduring treaty allies,' paving the way for a 'new chapter for modern and mature partnership, firmly grounded on deeply held democratic values, common interests and shared aspirations' (Legaspi 2014). Critics, however, remain unconvinced, dismissing the new agreement as a strategic blunder which will deepen the Philippines' dependence on the US without necessarily deterring China's territorial assertiveness in the South China Sea. During his visit to Manila, Obama refused to clarify whether the US would come to the rescue of the Philippines if a conflict were to erupt over the disputed features in the South China Sea. He made it clear that the EDCA was not aimed at China, since Washington does not take a position on the sovereignty of disputed territories and is primarily concerned with freedom of navigation in international waters. He encouraged the Philippines' to pursue a rules-based diplomatic compromise with China, since 'it's inevitable that China is going to be a dominant power in region.' (Esquerra and Burgonio 2014). The Philippine government is also expected to face significant opposition in the legislature, with leading legal experts such as Miriam Defensor-Santiago, chairperson of the Philippines Senate Committee on Foreign Affairs, questioning the legality of the EDCA, since the Philippine constitution bars the establishment of permanent US bases in the country. Meanwhile, the two allies have struggled to fully upgrade their military alliance, since constitutional

restriction over the establishment of permanent U.S. military bases in the country have prevented the immediate implementation of the EDCA, which is ostensibly designed to enhance the Philippines' minimum deterrence capability against China's maritime designs. In late-2014, U.S.-Philippine relations were tested by the public outrage over the alleged killing of a Filipino citizen by a U.S. Marine. The incident has rekindled age-old concerns over criminal abuses by foreign troops. Nationalist figures and movements have also stepped up their opposition to what they see as a violation of Philippine sovereignty by the presence of American troops on Philippine soil. Leading Senators such as Miriam Defensor-Santiago have called for the VFA to be scrapped, while others have called for a review of the bilateral agreement. Criminal jurisdiction continues to be a sensitive political issue in the Philippines, since the 1998 VFA stipulates that the host country does not have full jurisdiction over criminal cases involving American troops (Whaley 2014).

16.4 Conclusions

The evolution of the US-Philippine-China triangle marks the intersection of (perceived and objective) changes in the regional security environment as well as the domestic political calculations of the competing elite factions, which shape foreign policy decision-making. The nexus between domestic politics and state behavior in the international system has been extensively discussed in the International Relations (IR) theory.[10] In the case of open, democratic societies—with an in-built system of checks and balances, providing less insulation for the foreign policy decision-making process from public scrutiny—domestic political calculations seem to exert greater pressure on foreign policy formulation. In many ways, the Philippines represents a relatively open political system, where constant media scrutiny, lobbying by external forces, and legislative oversight by political opponents do exert considerable influence on the foreign policy decision-making of the executive branch, at least when compared to more insulated, autocratic regimes, where electoral considerations and public approval ratings are less prominent in the list of priorities of the political leadership. The dramatic recalibration, especially under the Arroyo and Aquino administrations, in the Philippines' predisposition towards the great powers, particularly China and the US, is a tangible reflection of this dynamic. No wonder, there is growing discussion as to whether a change in the Philippine political leadership, after Aquino steps down from office in 2016, could bring about a qualitative change in the US-Philippine-China relations. But as this chapter shows, objective and perceived changes in the regional security environment place significant constraints on the ability of a specific administration to independently and unilaterally introduce fundamental changes in foreign policy. Since 2010, there has been a dramatic build up in Chinese construction activities,

[10] For instance see Moravcsik (1997) and Putnam (1988).

paramilitary patrols, and nationalistic rhetoric in the South China Sea. Back in 2004, when the Arroyo administration decided to reach out to China, the regional security environment was relatively permissive. This is no longer the case, unless Beijing decides to unilaterally change the direction of its maritime policy. Nonetheless, a post-Aquino political leadership in the Philippines can adopt a more constructive diplomatic language, tone down bilateral differences over maritime disputes and the arbitration standoff at The Hague, resuscitate frayed high-level diplomatic channels, and rekindle bilateral trade and investment relations. Since late-2014, China seems to have been engaged in a region-wide charm-offensive to reach out to estranged neighbors such as the Philippines in order to lay down the foundations of more stable ties with the Filipino leadership, especially ahead of the 2016 Philippine presidential elections. Yet, given the U.S.' tremendous influence on the Philippines, the successor of the Obama administration—also set to step down in 2016—could very well adopt a more hawkish posturing towards China, which could, in turn, affect Philippine-China relations. What is clear, however, is that the US-Philippine-China triangle is shaped by process of preference-formation among the domestic political elite as well as the nature of the broader regional and international system, specifically the tempo and trajectory of the disputes in the South China Sea.

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Chapter 17
China-ASEAN Relations and the South China Sea: Beyond Balancing and Bandwagoning?

Elisa I. Hörhager

17.1 Introduction

In the post-Cold War world order, many theorists focusing on the East Asian region predicted increased rivalry and militarization of the region (Kang 2003, p. 61). East Asia is a complex region with an increasing level of technological and economic intraregional interdependence. At the same time, there are important differences between Asian states in terms of size, culture and political system. The region has known a complicated history, with periods of regional Chinese hegemony, and more recently as an area of conflict during the bipolar international system of the Cold War. The contemporary regional stage in Asia is shared by China, the United States, Japan, ASEAN, and India. With the rise of China as a principle engine of the region's transformation observers have noted an "organization gap" in the East Asian region: "the need for institutional frameworks to coordinate China's relations with its neighbours… has greatly outpaced the supply of such institutions" (Ye 2011, p. 251). One area where such a multilateral collective framework does exist is in Southeast Asia. In place since 1967 and in its current form with ten member states since 1999, the Association of Southeast Asian Nations (ASEAN) has played an important role in shaping its member states' relations with China. China-ASEAN relations have known a particularly rapid post-Cold War development. As China's rise has provoked shifts in the structure of the international system no states have felt this as directly as the Southeast Asian nations.

In analyzing China's rise and its relations with ASEAN, different approaches have led to widely different interpretations. This is due to the differing views on how states behave in the face of change in the international system. Structural

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transformation happens because of the uneven rate of growth among nations due to differences in technological and organizational development. Change may be inevitable, yet how the results of the shifts in relative power actually transform the international system is not as straightforward. In the International Relations literature many scholars rely on the realist perspective to analyze the rise of China, even though its approach to rising powers is derived from the European experience. Furthermore, realist theorists predict balancing in the Asia-Pacific, but are unclear on its direction (Katzenstein and Okawara 2001–2002, p. 169). The realist perspective, relying on the notion of anarchy of the international sphere and the goal of self-preservation of nations, makes two assertions based on change in the international system. The first is that (according to classical realism) the power of a nation, understood as economic and material resources and political influence, shapes a nation's interest (Schweller 1999, p. 3). Changes in relative power "are the principal source of anxiety and ambition in world politics, generating pressures that often lead to war" (Kirshner 2012, p. 56). One way of putting this is that the changes in the relative costs and benefits of expansion make it seem more profitable, another is that both internal pressure as well as threats and opportunities from the surrounding environment lead to expansion. Strength and power thus translate into a push towards expansion and increased political influence, be it for the goal of survival as posited by Waltzian structural realists or for the desire of power as an end in itself according to Hans Morgenthau (for an overview of these positions, cf. Kirshner 2012). Certain realists, such as Mearsheimer with his concept of offensive realism, do not hesitate to underline the inevitability with which rising powers such as China necessarily become aggressive and pursue a conflicted path towards regional hegemony (Mearsheimer 2001).

The second realist assertion focuses on how the shifting configuration of relative power creates threats and opportunities for all states affected by this change. Balance of power is a central notion for realists when trying to predict or explain the behavior of states in the face of power shifts. Hans Morgenthau first developed balance of power as a universally valid concept underlying all international constellations (1973). Despite its importance as a "distinctively political theory" (Waltz 1979, p. 117), the definition favored by Morgenthau of "an approximately equal distribution of power" (Morgenthau 1973, p. 167) has been revised on numerous occasions in order to make it a theory of international relations. In Walt's neorealist definition of "balance of threat", for example, balance of power is seen as a dynamic form of alliance formation in opposition to the principle source of danger, regardless of the distribution of power in the current status quo (Walt 1985). His prediction is that in order to maintain stability of the international system states balance against rising powers for security reasons. Walt's assertion is based on historic evidence as "...balance of power theorists... have persistently and persuasively shown that states facing an external threat overwhelmingly prefer to balance against the threat rather than bandwagon with it" (Ibid., p. 15). Basing his definition on interest which is formed out of the striving for both power and security, Schweller on the other hand describes how some states might prefer to bandwagon with a rising power (Schweller 1994, 2006).

On the rise of China the pessimistic "China threat" predictions have been countered by "charm offensive" descriptions of China's more diplomatically versed foreign policy (Kurlantzick 2007). One of the main reasons these two contrasting assessments exist side by side is the lack of a clear conceptualization of revisionism. On the alliance behavior of ASEAN member states in the face of China's rise, just as many conflicting assessments abound in the relevant literature. Different versions of balance of power theory lead to different predictions on East Asian states' behavior (Chan 2010). At the same time, scholars disagree in their interpretation of the recent historical evidence, with some arguing that Southeast Asian states seem to be bandwagoning with China (Kang 2003) and others underlining evidence for low-intensity balancing against China (Yuan 2006; Zhao 2006). From this brief description of assertions on transformation in the international system, it has become clear that predicting the behavior of rising powers and those states affected by their rise is not simple even from a realist perspective. The complexity of the interactions between China and ASEAN necessitates an analysis which goes beyond a certain paradigm and towards analytical eclecticism (Sil and Katzenstein 2010). In order to overcome the analytical impasse produced by the varying definitions of realist schools, the analytically eclectic approach applied here avoids deductively applying a rigid framework and picking out the fitting evidence. Instead, it accounts for the fact that the actors in question themselves do not follow a single, clear or even conscious strategy (Schweller 1999, p. 17).

This chapter aims to assess China's behavior towards ASEAN, and the extent to which the ASEAN framework has been able to divert traditional balance of power dynamics and alliance formation in the face of this rising power. The complex reality of international relations surrounding the South China Sea as well as the largely differing interpretations of China-ASEAN relations in scholarly literature necessitate an open approach taking into account multiple existing paradigms. By applying an open framework this chapter aims at making the "complex links between power, interest, and norms... more intelligible", in line with other analysis presented by Katzenstein and Okawara on Asia-Pacific security (2001–2002, p. 154). This approach combines aspects of structural realism or neo-realism trying to explain systemic outcomes with an approach using ideational variables based on international normative theory to explain how states choose to ally (Desch 1998, pp. 155–156). It seems legitimate on the basis that none of these research programs are in themselves free from dichotomies and individual theories that challenge each other, and there are important similarities in the argumentation of both programs.

Furthermore, evaluating the transformation of Chinese interests through socialization in the ASEAN context must take into account the various aspects both of power and interest, as well as risk propensity. Power can be defined as "how much influence a state can be expected to have over others" and interest as "how and for what purpose that influence will be used" (Schweller 1999, p. 18). Both power and interest are concepts whose definitions are highly controversial in international relations theory. Most famously, the realist concept of power of military and economic capacity has been complemented by Joseph Nye's soft power dimension. Nye defines soft power as "getting others to want what you want" and is attained

through the attraction of a country's culture, political ideals and policies (Nye 2004, p. 5). A state's behavior is therefore influenced not only by factors of hard power but also by culture and norms. In addition, power as influence can vary from one issue to another (Fels 2012, p. 8). Interest is almost more relevant when determining China's aims in its relation with ASEAN, for it shows not only what a rising power can do, but also what it wants to do ("While all revolutionary states are dissatisfied, not all dissatisfied powers are revolutionary ones", Schweller 1999, p. 19). Instead of assuming a (power-transition) version of realism's view on interest as static aims interacting with the relative capabilities of a country, it seems far more empirically accurate to assume that interests can change over time and are not always consciously or coherently articulated by state actors. In addition, interests have to be balanced with risk propensity, defined as the "probability of success that a particular decision maker requires before embarking on a course of action" (Ibid.).

Such an open theoretical framework for assessing China's status relative to ASEAN can build upon Alastair I. Johnston's analysis of whether China is a status quo power in the global sphere of international relations. In the literature on China's rise, Johnston observed a lack of operationalization to measure different proposals of what it means for a state to be status quo or revisionist (Johnston 2003, pp. 8–10). His own determination of China concludes that globally, China cannot be called an unlimited-aims revisionist state. This confirms the improbability of outright balancing in a unipolar system. As China-ASEAN relations involve a more complex regional system, in the following analysis, Johnston's indicators will be adapted to allow an analysis of China's position in the status quo 'regional community' of Southeast Asia. For this purpose, the two sets of indicators proposed by Johnston are reformulated into two questions in order to assess Chinese behavior towards ASEAN: How proactive is China in challenging the formal and informal rules the ASEAN member states have established in the ASEAN framework? What are the attitudes and behavior of China toward distributions of material power that appear to be disadvantageous to it?

The first section will focus on the first question. An answer is attempted through applying an adapted version of the indicators Johnston developed to the context of China-ASEAN relations.

A second section will then turn towards the reaction of ASEAN to China's rise. This will point to whether the Chinese-ASEAN experience of the past two decades poses a challenge to realist theories through norm convergence. The final section turns its attention to the second question formulated above. It leads us to consider the situation surrounding the South China Sea, where China and several ASEAN states are engaged in a dispute over competing territorial claims. This last section will analyze the dual strategy of China's most recent behavior in this context, which is one of military strengthening and economic engagement. It also reflects back on the explanatory value of different international relations paradigms and serves to clarify the tenet that if ASEAN cannot manage to find a multilateral solution in the South China Sea, this might mean that realism and hard power trumps after all and that China's true revisionist nature is revealed.

17.2 Is China a Revisionist Power Towards ASEAN?

Southeast Asia, along with the greater East Asian region, has increasingly becoming an important area of engagement for the world's powers. While the Asia-Pacific area is complex and more multipolar than unipolar, various scholars agree that the United States still holds the dominant role in the region (see for example Manyin et al. 2012). In recent years, the U.S. has demonstrated a renewed focus on the Asia-Pacific. This is both a result and a catalyst of the structural power shifts East Asia has known in the past decade, causing further fragility in the balance of power and influencing other actors' foreign policy towards the region. On the U.S. side, the Obama Administration's prioritization of the Asia-Pacific region is motivated by economic interests and the need for stability. It has led the U.S. to pursue the strengthening of bilateral security alliances, increase its military presence and expand its trade and investment activities (Clinton 2011). The U.S. has thus reacted to China's rise by attempting to preserve its position as the dominant status quo regional power through a 'pivot towards Asia.'

This development and the unipolar structure of the global system of international relations in general has consequences on the way China can and wants to behave towards the ASEAN states. China is unlikely to directly attempt to form a counter-hegemonic coalition, but might attempt to achieve regional hegemony by shaping its environment and imposing its interests. The question then becomes whether China is attempting to shape its environment for rightful resistance against the current order, or whether it is becoming a rising power integrated into the regional and global system.

Historically, the breakup of the Soviet Union which ushered in the post-Cold War order and the events in Tiananmen Square in 1989 were two important factors for refocusing China's attention on its periphery and on the East Asian region. China under Mao may have been a dissatisfied revisionist power, yet it is far less straightforward to classify it as such today. Through its rise, China may be implicitly revising the regional order. However, the evidence does not point straightforwardly to offensive realism with its zero-sum logic of relative power increases and its assumption that rising powers necessarily seek hegemonic dominance.

The inherent ambiguity in the revisionist label stems already from the theoretical perspective, as balance of power depends also on the structure of the international system and not just on the aims and behavior of the state concerned. In the post-Cold War unipolar system centered on the U.S. and its formal allies, balancing behavior has different implications than in a multipolar alliance system. Unipolarity is the only system in which hard balancing through military alliances and allying with the weaker side is no longer a mechanism for preserving the status quo, but rather becomes a revisionist, non-conservative, non-status quo policy (Schweller and Pu 2011, pp. 41–46). Therefore, there is unlikely to be any straightforward resistance under unipolarity in the form of balancing without the successful completion of a prior "deligitimation phase" (Ibid., pp. 47–50). Deligitimation is put into action through "shaping strategies" which aim to form a rising power's

environment without directly confronting the existing hegemon. A rising power can thus improve its position in the established order by practicing rightful resistance. Temporarily accepting the legitimacy of the existent status quo power, it can take advantage of authorized channels and specific opportunities to make relative gains. Three indicators first developed by Johnston (2003) can help assess if it is this type of strategy that China is pursuing in its relations with ASEAN, or if it is behaving in an outright revisionist manner. Moving from the least challenging to the most challenging for the status quo, these are the *participation* rates in institutions that regulate activities of members, the degree of *compliance with community norms* and the behavior towards the '*rules of the game*'. In the following section, these indicators will be individually assessed. Higher participation rates, a higher level of compliance and behavior in line with the rules of the game would indicate that China is clearly not trying to revise the security order created by ASEAN in Southeast Asia.

China has demonstrated its active participation with ASEAN in various regional configurations as well as in international institutions such as the World Trade Organization (WTO). In terms of *participation rates*, it seems China has trumped other regional or rising powers such as Japan or South Korea in its commitment to cooperating with the Southeast Asian community. Participation in regional organizations and dialogues which include other actors in addition to ASEAN member states have for some while already included ASEAN + 3 (with Japan and South Korea), the Asian Regional Forum, the ASEAN Vision Group and the ASEAN Senior Officials Meeting. The first vice-ministerial level meeting between China and ASEAN (the China-ASEAN Senior Officials Meeting) was held in 1995. Since 2003, China-ASEAN relations have reached the level of "strategic partnership", and the Action Plan for 2011–2015 identifies 11 priority areas of cooperation (agriculture, information and communication technology, human resource development, Mekong Basin Development, investment, energy, transport, culture, public health, tourism and environment). Non-governmental track two groups are important instruments of cooperation in the region and include the Council on Security Cooperation in the Asia-Pacific and the Shangri-la Dialogue. China has additionally launched the Boao Forum as a regional dialogue between business leaders and government officials. Under the major mechanism of ASEAN + 1, the China-ASEAN Leadership Summit which was launched in 1997 and there are four regular Ministers Meetings (Finance, Transportation, Foreign Affairs and Economic). These are supported by the China-ASEAN Joint Cooperation Committee. There are three Joint Committees (Economic, Science and Technology and the Beijing Committee) and the China-ASEAN Senior Officials Consultations.

Despite Japan having established formal relations with ASEAN already in 1977, China's relations with ASEAN have developed much faster and on a much larger scale. While the China-ASEAN Free Trade Agreement (FTA) was launched in 1 January 2010, Japan's proposal for a Japan-ASEAN FTA is still under negotiation. South Korea became a full dialogue partner of ASEAN in 1991, elevated to summit level in 1997 (Jones 2011). Yet only in 2010 were dialogue relations elevated from "comprehensive cooperation" to "strategic partnership". By 2013,

South Korea had ratified 20 agreements with ASEAN (of these, 6 were actual Agreements on aspects of joint cooperation) and Japan only 9 (with 3 actual Agreements on aspects of joint cooperation).[1] China had ratified 34 treaties and agreements with ASEAN (with 6 Agreements on joint cooperation). In addition, the frequency of China-ASEAN leadership exchanges has been on an almost steady rise, with a peak during 2001 of more than 50 meetings, and an average of around 40 meetings a year from 2002 to 2005 (Wong 2007). Japan-ASEAN leadership exchanges have not risen as significantly, even after a peak of over 35 exchanges in 2000 and an average rise from just under 15 in the early 1990s to slightly more than 20 exchanges from 2001 to 2005.

As participation says little about the quality of actual status quo behavior, there are two remaining indicators which are concerned with the ideational factor of norms in China's behavior towards the regional community in Southeast Asia. China, together with India at the 2003 ASEAN regional summit in Bali, was one of the first non-members to sign the ASEAN Treaty of Amity and Cooperation in Southeast Asia (TAC). However, it is insufficient to simply assert that "the 'ASEAN Way' as an informal interaction process focused on consensus building and group decision making is amenable to China" (Shambaugh 2004/2005, p. 74). To assess the degree of *compliance with community norms* and if China, given the chance, *tries to change these rules and norms* in ways that defeat the original purpose of the institution and the community (attitude towards the rules of the game), the core ASEAN norms have to be identified. The question of compliance is very complicated to assess, in part also because of an unclear process of congruence building between transnational norms and local practices (see for example Acharya 2004). This task involves identifying core ASEAN norms and asking whether China has committed itself to them in the context of its relations with the association. An additional difficulty in assessing China's status with regard to the Southeast Asian region is the stark differences among the member states and the relatively loose institutionalization of ASEAN. The ASEAN Charter has only become a legally binding force since 15 December 2008 and the road to ratification by all ten member states was long and bumpy (see Arendshorst 2009). The norms and rules of the game Southeast Asian nations have established for the region as a basis for cooperation are commonly referred to as the 'ASEAN way.' The fundamental principles mentioned in Article 2 of the TAC, adopted by the original ASEAN member states in 1976, can be summarized under four aspects. These are respect for independence, sovereignty and territorial integrity of all nations; non-interference in domestic affairs; the settlement of disputes by peaceful manner; and renunciation

[1] This and the following data is based on the Table of ASEAN Treaties and Agreements and Ratifications, October 2012, http://www.asean.org/images/2012/resources/TABLE%20OF%20AGREEMENT%20%20RATIFICATION-SORT%20BY%20DATE-Web-October2012.pdf, last accessed 02.02.2015.

of threat or use of force as well as effective cooperation.[2] These principles of tolerance and consensual consultation are supplemented by a number of secondary norms, which include informality, pragmatism, flexibility and personalism (Rüland and Jetschke 2008). Finally, article 6 and 7 in the TAC refer to the fundamental importance of economic development and trade, and are one of the main aspects for China-ASEAN relations. Below, these aspects are analyzed under the three headings of non-intervention, economic growth and development, and cooperative security.

Non-intervention In the "ASEAN way", non-intervention is often proclaimed as being the focal point of collective identity in Southeast Asia and as the organization's most revered principle (Rüland 2000, p. 439). With a history of European intrusion and only recently gained independence, nation-building by agreeing on state borders and by consolidating internal security is seen as the main task which the principle of non-interference is supposed to enable. This includes avoiding Southeast Asian states' involvement in any rivalry between great powers. The ASEAN definition of interference which this principle counts to avoid ranges from political criticism to coercive military intervention (Bellamy and Drummond 2011, p. 185). Maoist China was strongly interventionist in the Asian region during the 1950s and the 1960s, so that normalization in its relations with Southeast Asian states only started in 1974 (with Malaysia) and was only completed in 1990 (with Singapore). This was preceded by a first step towards normalization based on China's opposition to the Vietnamese intervention and subsequent occupation of Cambodia as of December 1978 (Ba 2003, p. 625). Facing economic sanctions and new human rights conditions on trade, the repercussions after the repression on Tiananmen Square forced China to rethink the way its international relationships would affect its internal affairs. The refusal of ASEAN member states to join Western powers in their critical stance of the crisis was well received in China with its sensitivity to external interference (Ibid., pp. 630–632). With the reform and opening up period beginning in 1979, Deng Xiaoping focused China on the domestic task of economic growth. The Five Principles of Peaceful Coexistence[3] first formulated in 1954 in an agreement with India and then by Zhou Enlai at the Bandung Conference in 1955 were therefore continued. As was underlined in 2003 when China signed the ASEAN TAC, the ASEAN principle of non-intervention is seen as confirming China's strategy with Deng Xiaoping's famous mantra of "keeping a low profile."[4]

[2] http://www.asean.org/news/item/treaty-of-amity-and-cooperation-in-southeast-asia-indonesia-24-february-1976-3, last accessed 02.02.2015.

[3] Mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.

[4] People's Daily Online (2003). Deng is often quoted as propagating the following strategy: "calmly observe the situations; secure our footing; cope with change with confidence; conceal capacities and bide our time; skillfully keep a low profile; avoid sticking one's head out; be proactive."

Both historically and as a norm upheld by ASEAN, the validity of the principle of non-intervention is sometimes questioned. That ASEAN was not able to deal with the Asian crisis in 1997/1998 provoked a discussion on its usefulness. In 1997, the Thai foreign minister called for "flexible engagement" to promote greater political openness through a concept of collective action that included the norm of humanitarian intervention as well as human rights and democratization advocacy (Acharya 2004, p. 261). However, this discussion failed in the sense that ASEAN did not depart from its noninterference doctrine. The continuation of non-interference was reflected in its policy towards human rights violations in Myanmar. China has recently taken a more proactive stance in its foreign policy in that it is less hesitant towards multilateral engagement. Yet also for China, the domestic goals of stability and economic modernization are still the priority. In its foreign policy, China is constantly reaffirming its commitment to the principle of non-interference. Despite a domestic debate on whether to revise its peace and development concept, China's current foreign policy can therefore be identified as a continuation of the peace and development strategy underlining non-intervention. Given the congruence between the ASEAN and the Chinese view on non-intervention, China is not revisionist in terms of this aspect of the association's normative regime. Of course, as China becomes both economically and militarily stronger, political elites might view the principle of non-interference as dwindling in importance for its foothold on power and accordingly revise China's foreign policy in a strategically opportunistic fashion. In addition, the definition of non-intervention on which this conclusion is based is limited in that it allows China to intervene in economic terms through resource acquisition yet not in terms of governance or human rights (as demonstrated in its intervention in African countries). China's foreign policy, however, seems to be based on a realistic assessment of its own strength, and if the predictions of most China scholars are right, domestic economic and political stability will be keeping Chinese leadership occupied for a long time to come. Unless the international community's norms on legitimate intervention on a humanitarian basis change, China is unlikely to find itself in a position where it can safely afford to advocate a more interventionist policy. An important aspect for assessing whether China is playing by the rules of this norm towards ASEAN is the issue of overseas Chinese. Chinese sources estimate that there are some 50 million overseas Chinese,[5] mostly living in Southeast Asia (Singapore, Thailand, Malaysia, Indonesia, Brunei, the Philippines and Vietnam). In September 1980, the Chinese National People's Congress approved the Nationality Law of the PRC which clearly rejects dual citizenship, forcing Chinese citizens permanently living abroad to adopt the nationality of their country of residence. Since 2004, China has enlivened its policy towards overseas Chinese in terms of its soft power strategy and the economic potential of improved trade

[5] China Daily (2012).

relations,[6] yet ASEAN did not seem to take issue with this as undermining the principle of non-intervention.[7]

Economic Growth and Development Articles 6 and 7 of the Treaty of Amity and Cooperation in Southeast Asia mention economic growth and development as fundamental to the regional community. Establishing economic integration through the ASEAN Economic Community (AEC) with a single market and production base, a highly competitive economic region fully integrated into the global economy is ASEAN member states' proclaimed aim by 2015. The AEC will allow the free movement of goods, investment, skilled labor and a freer flow of capital. Since its entry into the WTO, China has also embraced the norms of free trade, open capital flows and transparency as conducive to its domestic economic development (Johnston 2003, p. 16). By 2012, China has become ASEAN's most important external trading partner, before Japan, the EU and the U.S. China has become an increasingly important source of Foreign Direct Investment (FDI) in ASEAN member states, as the third most important source after the EU and Japan. Chinese FDI in Southeast Asia has risen from $1.9 billion in 2009 to more than $8.6 billion in 2013.[8]

In 1990, the East Asian Economic Caucus was proposed by Malaysian Prime Minister Mahathir, but was never put into action based on Japan's refusal to join what looked like an attempt at forming a regional trade block. ASEAN continued to seek ways to develop the idea of economic integration in the form of ASEAN + 3 (China, Japan and South Korea). In an informal gathering during the 1997 ASEAN Summit in Kuala Lumpur, Beijing was a frontrunner in expressing interest in building on the developing economic ties with Southeast Asia (Stubbs 2002, p. 443). During the 1997–1998 financial crisis in Asia, the Chinese banking system was vulnerable to contagion. The hard-hit ASEAN economies held deepening concerns about their ability to compete with China, and the financial crisis had the potential to undermine their relationship with China (Ba 2003, p. 635). However, their ties emerged stronger as the International Monetary Fund was perceived as an intrusive actor, yet China, without devaluating its currency, offered Southeast Asian states aid-packages and low-interest loans. This crisis led China to increase its efforts to promote fair free trade with Southeast Asia. In 2000, China played an active role in the Chiang Mai initiative establishing a network of currency swap arrangements and currency reserves in order to avoid a similar crisis in future. In 2001, then Chinese Premier Zhu Rongji proposed a China-ASEAN Free Trade Area (FTA). The 2002 Framework Agreement on Comprehensive Economic

[6] Renmin Ribao (Beijing), 08.07.2004, p. 1.

[7] http://www.asean.org/images/2013/resources/statistics/external_trade/table20.pdf, last accessed 02.02.2015.

[8] http://www.asean.org/images/2015/January/foreign_direct_investment_statistic/Table%2026.pdf, last accessed 02.02.2015.

Cooperation, where the 48 regular mechanisms were institutionalized, was followed in 2010 by the China-ASEAN-6 FTA (with Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand). During the course of the year 2015, the tariffs between China and the remaining four ASEAN member states are being reduced. China agreed to certain self-discriminatory measures which would decrease its competitive advantages in sectors such as agriculture, and the FTA can be seen as China's more or less successful attempt to address the perceived "China threat" in the context of economic competition and thus demonstrate its acceptance of multilateralism and its role as an economic partner (Yuan 2006, p. 18; Zhao 2006). In conclusion, China seems to be adhering to and playing by the rules of the game on the form of capitalism which has emerged in Southeast Asia. This "East Asian form of capitalism" is rooted in business networks and strong state-business links, emphasizing consumption more than ideology and social obligation and trust more than the rule of law (Stubbs 2002, p. 445).

Cooperative Security Conflict avoidance is a central and successful basis for the ASEAN model of cooperative security. It is realized through consultation and dialogue aimed at reducing the likelihood of armed conflict in the region. The first ASEAN Regional Forum (ARF) Security Policy Conference was held in Beijing in May 2005, in the context of a 5 year Action Plan which focuses on cooperation and trust building in defense and military fields; dialogue, consultation and seminars on defense and security issues; joint military exercises; and peace-keeping operations. In 2010, ASEAN held the first Defense Ministers Meeting Plus in Hanoi with eight dialogue partners, including China and the U.S. In 2002, China and ASEAN released a Joint Declaration on Cooperation in the Field of Non-traditional Security Issues. Since the beginning of twenty-first century, China has thus established official military relations with ASEAN countries. As part of the central aim of increasing transparency in the ARF, China started publishing a Defense White Paper in 1998. These biennial defense reports have been criticized as not conforming to international standards on transparency, yet have progressively become more open about China's defense. At the annual meeting of the ARF in 1996 attended by Chinese Foreign Minister Qian Qichen, the 1997 ARF Inter-Sessional Support Group (ISG) on Confidence-Building Measures as well as during a visit to Singapore by Chinese Minister of National Defense Chi Haotian, a New Security Concept (NSC) was put forth by China. The Chinese President Jiang Zemin reiterated the NSC at the United Nations Conference on Disarmament in 1999. The NSC was incorporated into the Chinese White Papers on Defense in 1998, 2000, 2002 and 2004.[9] In 2010, China's National Defense report stated that "China adheres to the concepts of openness, pragmatism and cooperation, expands its participation in international security cooperation, strengthens strategic coordination and consultation with major powers and neighboring

[9] People's Daily Online (2004).

countries, enhances military exchanges and cooperation with developing countries. . .”[10] The NSC is seen as a continuation of the Five Principles of Peaceful Coexistence, but at the same time is seen as “thoroughly different from the Cold War mentality”[11] because it moves away from China’s interpretation and normative strategy of a multipolar international system and towards multilateralism. Bilateral defense and security relations have developed in a number of ways outside of ASEAN with individual security dialogues between China and six ASEAN member states (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), of which four have ongoing territorial disputes with China in the South China Sea.

However, particularly in terms of security cooperation, norms are one thing, while actually sticking to the rules of the game are another. In November 2012, for example, Chinese Premier Wen Jiabao praised the smooth implementation of cooperation and the ASEAN way in handling territorial disputes,[12] just as it had let the issue flare up again with Vietnam and the Philippines. Its actions were widely reported as seriously undermining ASEAN unity and its relations with China. There are divergent opinions on this divide between proclaimed normative alignment and action which undermines the norms in question. Acharya (2001) has written extensively on ASEAN as a pluralistic security community in the sense of Karl Deutsch, where states become integrated in a community which leads to the assurance of peaceful settlement of differences. At the same time, each ASEAN state has some means and plans for national defense and the simple absence of war among ASEAN member states does not, by itself, point to cooperation (Emmerson 2005, pp. 174–175). The same divide can be observed within ASEAN. In the history of conflicts in Southeast Asia, such as with East Timor in 1999, the principle of non-intervention has interfered with that of cooperative security. In this way, bilateral disputes such as the border clashes between Thailand and Myanmar early 2001 and between Thailand and Cambodia as well as Indonesia and Malaysia have persisted. None of the ASEAN member states has to date utilized the two dispute settlement mechanisms, the High Council of the TAC or the Enhanced Dispute Settlement Mechanism (on the basis of a 2004 Protocol). Both inside and outside ASEAN, observers find that the regional order is based only on collective diplomacy. The ASEAN way in security cooperation “should be defined as a security regime rather than security cooperation due to the persistence of numerous disputes and the ongoing possibility of a clash of arms in Southeast Asia” (Emmers 2003, p. 28; or also Emmerson 2005, p. 183).

China seems to share most ASEAN norms and to be playing by the rules of the game when it comes to non-intervention and free trade. This supports the conclusion that China is, at present, not a revisionist regional power aiming at regional

[10] http://english.gov.cn/official/2011-03/31/content_1835499_4.htm, last accessed 02.02.2015.

[11] Yuan Zhengling as quoted in the people’s daily as one of the drafters of China’s 2004 Defense White Paper, http://english.gov.cn/official/2011-03/31/content_1835499_4.htm, last accessed 02.02.2013.

[12] Sina English (2012).

hegemony. China is trying to take a cooperative stance in the light of growing regional interdependence, based on shared norms and a conservative assessment of its own interest and power. The issue of cooperative security, on the other hand, is not as clear to judge, as this norm is disputed already inside the ASEAN community. To judge the relationship based on this norm, we have to turn towards the South China Sea. It is in the South China Sea disputes where the extent of both China's revisionist aims in the region and ASEANs strategy, and concerns with the material aspects of power, are further put to the test.

In general, though, the above assessment of China's engagement with ASEAN confirms that by attempting to gain recognition and a positive reputation *within* the regional system, China has become at most a limited aims revisionist power. Before turning to the case of the South China Sea, the above conclusion can be put to the test by inserting it into the context of a pessimistic evaluation of China's future rise. Even when it comes to the more recent shift in China's foreign policy from multipolarity to multilateralism, this pessimistic position sees China's involvement in multilateral institutions under the cynical light of a hedging strategy for future balancing against the U.S. while avoiding any disadvantageous regional commitments and trying to free ride on the regional stability provided by an American hegemon. From such a perspective, China's intra-regional approach could be characterized as "a polite fiction designed to assuage the fears and massage the egos of Southeast Asia's leaders, who remain famously preoccupied with national sovereignty" (Beeson 2010, p. 330). Yet such authors have a hard time finding empirical evidence for their pessimistic view as the regional integration process has proceeded. Instead of accepting the "wait and see" argument, this analysis proposes to follow up on two other fundamental aspects of China's regional rise. The first is a fundamental aspect influencing China's role in the region and concerns the feedback it receives from ASEAN. Is ASEAN balancing, bandwagoning or pursuing an alternative strategy? For Southeast Asian states, it is through the framework of ASEAN that their individual asymmetric relationships with China is not only manifested, but can also be most effectively managed in the face of its otherwise overwhelming size and strength. The second aspect builds upon the first and is an indicator for judging the more long-term revisionist aims of China and how seriously ASEAN is convinced of China's commitment to multilateralism. If ASEAN is pursuing an alternative strategy, how are its member states trying to collectively transform China's interests in such core issues as territorial sovereignty?

17.3 ASEAN Reactions to China's Rise

The above overview over whether China is challenging the ASEAN's multilateral foundations is not meant distract from the fact that the ASEAN community has been proactive in improving its relations with China. Southeast Asian nations have always been aware of the need to position themselves in relation to China. In a first step, it is necessary to clearly identify ASEAN's strategy to strengthen its member

states' positions vis-à-vis China before attempting to measure its success. This avoids "talking at cross-purposes" with a neorealist or constructivist bias on the empirical evidence of China-ASEAN interaction provided by the South China Sea dispute (Eaton and Stubbs 2006, p. 136).[13] As described in the introduction, different realist theories attach central importance to different motives for balancing behavior. Randall Schweller argues that bandwagoning behavior can be prevalent over balancing because, depending on the domestic political process in a given state, it represents not only a form of strategic surrender to threat, but an expectation of profit that leads to a different assessment of the risk of disturbing the status quo (Schweller 1997, 2004). He points out that the threshold to balancing behavior is quite high: internal balancing requires not only building up military capacity, but actually trying to match the overall capabilities of the power being balanced against; furthermore, this has to happen not as a reaction to a direct threat, but *before* such a threat has been undertaken (Schweller 2004, p. 166). Balance of power theory is therefore problematic in so far as it assumes constant mobilization capacity on an extremely high level. There are a number of conditions the lack of which make balancing less likely and undermine its effectiveness. Among these, several are problematic when applied to the empirical evidence of the ASEAN framework. These include the need for great mobility of action in order to respond to changes in the balance of power as well as the acceptance of war as a legitimate tool of statecraft (even if as a last resort) and the avoidance of alliance handicaps such as, in the case of ASEAN, prior territorial disputes (Schweller 1999, pp. 9–10). ASEAN is not in an arms race to build up its capabilities for projection as the main priority still is domestic stability and maintaining national sovereignty. If ASEAN was balancing against China, one would expect to see a rising defense burden, the cutting of commerce with China and a significant increase in the search for assistance from other great powers (Chan 2010, p. 398). This has not been the case. Two member states may have military treaties with the U.S., yet the whole aim of ASEAN is to establish it as an autonomous organization which ensures Southeast Asian states' independence in the international system. It is with the aim of avoiding regional instability that ASEAN has not only welcomed sustained U.S. presence in the region, but also avoided a formal alliance with the U.S. On the contrary, it has strengthened its role as regional coordinator by forming a close relationship with China. The aim of ASEAN is to "keep large outside countries from using their relative military strength or political influence to dominate regional affairs or undermine the freedom of action of the region's individual states" (Roy 2005, p. 308), no matter which large power this may be. As such, the establishment of ASEAN initially met with suspicion from the U.S. which identified it as a potential threat to its hegemonic status.

[13] Here Eaton and Stubbs argue that the contrasting neorealist and constructivist perspectives on the way in which power is exercised by ASEAN is due to the fact that, when they "appear to be looking at, and talking about, the same thing" they are actually looking at measuring different indicators of power.

If not balancing, what about bandwagoning? David Kang, in his general overview of the Asian system, states that Asian states appear to be bandwagoning with China (Kang 2003, p. 58). Noting the absence of a major war in the region since the 1978–1979 Vietnam-Cambodia-China conflict, Kang simply states that Asian countries do not feel threatened enough to be balancing against China (Ibid., p. 64). He explains this with the fact that China does not have revisionist or imperial aims but instead has a desire to join the international community, and that Asian states are historically used to a regional system of peaceful hierarchy. A first objection can be raised to the way Kang simplifies balance of power theory by equating the absence of balancing behavior with bandwagoning. Even in the earliest definitions of bandwagoning by Quincy Wright (1964) or Kenneth Waltz (1979), bandwagoning is described as the opposite of balancing only in the active sense of joining the stronger coalition. In Schweller's terms it would mean joining the revolutionary, revisionist state or pole. ASEAN states have an 'enhanced partnership' with the U.S. through, for example, the ARF and in ASEAN-U.S. dialogues focusing on its role in maintaining stability and peace in the region. The U.S. has defense treaties with two ASEAN member states (the Philippines and Thailand). ASEAN has no defense treaties or binding security agreements with China. Such active alliance behavior would be implausible in parallel with its relationship with the U.S. Thus, the Southeast Asian states cannot be defined as collectively bandwagoning with China in the sense of a military alliance.

If asking about ASEAN strategy while only considering the dichotomous policies of balancing or bandwagoning provides no straightforward answer, it probably is simply the wrong question. Balance of power cannot claim deterministic exclusivity, neither as a conscious policy option nor as inadvertent systemic development. In this case, the realist framework is not adequate for explaining the empirical evidence. Despite the fact that the U.S. has increased its presence in the region through its alliance system with naval facilities in Singapore and the Philippines, East Asia is still a complex environment without clear regional unipolarity, and it is hard to judge just how much of a regional hegemon the U.S. currently is. What is clear is that ASEAN states have not simply passed the buck on to the U.S. or only followed general hedging strategy. U.S. domination is not uncontested among the ASEAN states. Even the Philippines only grudgingly re-established its provision of naval facilities to the U.S. after it had terminated cooperation in 1991. In addition, China's rise and with it the potential threat this poses is much too (historically) relevant in contemporary Southeast Asian politics so as to be ignored by ASEAN and its political elite with a strategy of buckpassing or distancing. Rather, ASEAN has cultivated an active strategy towards China. ASEAN has been proactively engaging China in its multilateral framework. It has been creating more flexible arrangements involving the region's great and emerging powers, strengthening the regional security architecture by creating a mulit-level network of fora and dialogues with itself at the center. This points to the strategic alternative of engaging or binding a rising power.

Engagement is non-coercive and involves trying to diminish the non-status quo elements in the behavior of a rising power. It can range from appeasement to

attempts of socialization (Schweller 1999, p. 14). The most important aspect of engagement is that it uses positive incentives instead of the threat of punishment. Evelyn Goh proposes the concept of "omni-enmeshment" which surpasses engagement. Omni-enmeshment has identity alteration as the long-term goal, but does not go as far as establishing a security community (Goh 2005).[14] Omni-enmeshment emphasizes engagement in regional institutions as well as bilateral arrangements in order to develop norms and institutionalize cooperative procedures as a workable modus Vivendi among the region's key actors. It aims to "create overlapping spheres of influence in the region which are competitive but positive-sum" and to "discover common interests that are not mutually exclusive" (Goh 2005, pp. 7–8). The congruence in norms between ASEAN and China provides for a feasible basis to this constructivist emphasis on the consensual process (Eaton and Stubbs 2006, p. 138). It is a strategy which rejects containment and wants to gradually integrate China through institutions such as the ARF. The main aspects which ASEAN attempts to address in this way are the issues of economic competition, territorial disputes and the lack of transparency in China's defense spending. These issues are being addressed in continued track 1 and track 2 dialogues and through processes of negotiation as a strategy to avoid the escalation of conflict, even if it has not yet brought substantial change to the content of disputes. The various multilateral meetings, the China-ASEAN FTA and especially the defense meetings are all part of this strategy. With the lack of development towards a more results-oriented process in the ARF, ASEAN has been looking to create more progressive and flexible arrangements through additional fora. The East Asia Summit (EAS) is a highly successful new forum, established by ASEAN in 2005 as a security forum with China, Japan, South Korea and Australia. Its two latest members are Russia and the U.S. The 18 EAS members further established the ASEAN Defence Ministers Meeting Plus in 2010 with an agenda is very much focused on non-traditional security concerns. ASEAN remains in the driving seat of these fora and has complete control over membership.

A highly relevant example of this strategy is the process of how ASEAN has tried to enmesh China on the South China Sea dispute. This is the most sensitive issue both for ASEAN unity and for its relations with China. In 1995, wooden structures China had secretly built on Mischief Reef, part of the contested area of the Spratly Islands, were revealed. This marked a turning point in ASEAN policy. It started to be more assertive and stressed the need to "refrain from taking actions that de-stabilize the situation" (ASEAN Foreign Ministers Statement 18. March 1995, as quoted in Thayer 2012). In the following ARF, ASEAN publicly called on all parties to adhere to the 1992 ASEAN Declaration on the South China Sea. As demanded by the claimant of Mischief Reef, the Philippines, ASEAN pushed for a

[14] Goh defines omni-enmeshment as part of a "soft-balancing" strategy, yet admits that this form of balancing is not the way balance of power is understood from a realist perspective. As this paper works with a realist definition of balance of power, and engagement provides an alternative constructivist perspective, omni-enmeshment or engagement is explicitly not referred to as a type of balancing behavior.

Code of Conduct in the South China Sea despite Chinese opposition. China did not manage to uphold its policy of dealing with the territorial disputes exclusively in a bilateral manner. In 2002, ASEAN and China finally signed a Declaration on the Conduct of Parties in the South China Sea. Even though it was not the Code of Conduct some ASEAN member states were seeking, this successfully enmeshed China in the sense that it was forced to continue a multilateral approach to the issue. The symbolic value of the Declaration is such that China admits to the legitimacy of the ASEAN way of regulating the dispute. Contrary to an understanding of unchanging interests (such as unlimited-aims revisionism) interacting with changing capabilities to take advantage of opportunities in international relations, engagement and enmeshment rest on the assumption that interests can change. Becoming enmeshed and entrenched in existing institutions, increasingly aware of interdependence and factors of regional stability, a rising challenger will start to see the benefits of working within an established system as outweighing the costs and might become an entrepreneurial agent within the system.

Of course, letting itself become engaged might also be a short-term hedging strategy of the rising power, which simply puts its intentions of overthrowing the established order on hold. On this note, in July 2012, Wang Hailou, director of the America Department of the Chinese Institute of Contemporary International Relations, wrote that China should be aware of the "basic fact" that the strategic "epicenter" of international relations lies with other countries and that "the time for China's rise lies in the future and not in the present."[15] The risks of destabilizing behavior and acting prematurely are seen as high, and in order for China to resolve the South China Sea territorial disputes, it has to continue what it has been doing, namely guaranteeing "stability of the situation in the Taiwan Strait" and "gradually improving Chinese maritime capabilities". Only then will "the inevitable process of facing the South China Sea issue" on the way to China's rise be fulfilled. The recent "improvements in maritime law enforcement capacity and public awareness-raising on the issue of safeguarding China's rights and interests" indicates that China is determined to focus on and solve the urgent South China Sea issue in its best interests. This article published in the party mouthpiece, the "People's Daily" newspaper, demonstrates a realpolitik approach when it comes to assessing China's own military capabilities. The omission of any multilateral solution rings as a warning to ASEAN's efforts of engagement or enmeshment. An article published in English 4 months later by, however, starkly contrasts this threatening scenario. Prime Minister Wen Jiabao was quoted as praising the ASEAN way at the ASEAN + 3 November summit in Phnom Pen, which China co-chaired with Cambodia. Wen said he still expected states to not take action "that would complicate and enlarge the South China Sea issue" and opposed the issue's internationalization. At the same time, China would agree to the creation of "conditions to start talks on a

[15] http://paper.people.com.cn/rmrbhwb/html/2012-07/30/content_1089480.htm, last accessed 02.02.2015.

Code of Conduct in the South China Sea".[16] The observer is therefore left with the difficult task of reconciling these contradictory messages. In recent years, China is increasingly revealing the ambiguous nature of its two-faced foreign policy. One of its faces features military strength and assertiveness which is directed inwards to satisfy nationalistic tendencies. The other face of its foreign policy shows how multilateral engagement directed outwards is at the core of China's diplomatic efforts. The South China Sea and its territorial conflicts are an exception. China is turning an dissatisfied gaze upon this issue, which has become increasingly important in the party-state's nationalist narrative. Here, China's dissatisfied gaze has led to military strengthening instead of multilateral engagement.

17.4 The South China Sea Dispute in China-ASEAN Relations

The South China Sea is an area where the attitudes and behavior of China concerning distributions of material power (in this case control over territory and natural resources) that appears disadvantageous to it become apparent. On the most basic level, the development in China's material power can help indicate where its military strategy towards ASEAN states with competing territorial claims is headed. From 1978 to 2003, China's defense spending as part of the total budget dropped from 15 to 8 %, in line with the government's focus on economic growth. In comparison, the defense burdens of China's Asia-Pacific neighbors, including Vietnam, Thailand, and the Philippines, showed a general pattern of decline (Chan 2010). The decreasing trend of China's defense burden has recently been subject to change. Different mainstream estimates put China's defense burden at a similar level to that of the region's other important military powers. Estimates of China's real proportionate defense burden indicate that China spends more than Japan and Indonesia, but around the same as Taiwan and the U.S. (Mulvenon et al. 2006, p. 18). As laid out in budget reports reviewed by the National People's Congress in 2013, 2014 and 2015, there has been an increase in China's defense budget by 10.7 %, 12.2 % and 10.1 %, respectively, in comparison with the preceding year. Focus has been placed on naval modernization which allows China's navy to act as an anti-access or area-denial force. This is aimed at providing China with capabilities to assert its territorial claims in the South and East China Seas. Yet at the same time, China has to still make extensive efforts towards the modernization of its military. Furthermore, although China has the second largest defense expenditure in absolute numbers, it is dwarfed by that of the U.S. Despite the worries of 'China threat' theorists, China therefore still faces a variety of challenges in carrying out border missions (Scobell 2012). The PLA is supposed to be prepared to fight only local wars with the priorities remaining on domestic stability and the defense of the

[16] Sina English (2012).

country's territorial integrity. With the rising importance of sea-lane security, securing China's energy imports and defending its maritime claims, China's military faces challenges in its nearby surroundings and would not be able to simply expel other major militaries from its own region. From this it can be concluded that China does not (yet) possesses the projection capabilities to realistically engage in any rash military action with other nations.

The previous' sections description of ASEAN's policy towards China treated the ASEAN community of states as an entity in itself. Treating ASEAN as a unit facing China points to the importance of the collective weight it has gained as an organization, as demonstrated in the various ASEAN security fora. However, within ASEAN as a cooperative security structure it is possible to distinguish between different national policies among the member states. This is especially true in their bilateral relations towards China. This is an extremely important point for ASEAN's relative power as Southeast Asian nations' collective identity. A possible alliance handicap is that the maritime states concerned by the territorial disputes have vested interests in challenging Chinese claims, while others with no direct stakes in the issue, such as Cambodia, tend to favor answering to Chinese wishes in this dispute. The South China Sea dispute is a stress test of the robustness of the ASEAN way, as it has the potential to make its cooperative method of conflict resolution bereft of meaning in the face of differing interests.

China, Taiwan, the Philippines, Malaysia, Brunei, Indonesia, Singapore and Vietnam all raise competing claims of sovereignty over the islands in the semi-enclosed South China Sea, namely the southern Spratly Islands and the northwestern Paracel Islands.[17] The area is central for maritime navigation, as more than a quarter of the world's trade, 70 % of Japan's energy needs and 60 % of China's travel through the South China Sea's Straits of Malacca and Taiwan. In addition, this maritime territory is thought to be rich in energy resources. The Spratly islands are claimed in their entirety by China and Vietnam (and Taiwan), the Philippines, Malaysia and Brunei claim certain parts. The Paracel islands are effectively controlled by China; Vietnam has also raised claims to the archipelago (along with Taiwan). All except for Brunei have certain sovereignty claim markers in place. China raises the most extensive territorial claims of all states involved and fixed its maritime boundary drawing in a 1992 law, heightening its resolve already demonstrated in previous military clashes with Vietnam (in 1974 and 1988). However, by the mid-1990s, China was forced to change its strategy of open assertiveness. Since 1995, its policy has alternated between "talk and take strategies" through negotiation (Beukel 2010, p. 12). One reason for this is that no significant possibilities for further occupation were left, all territories able to support military presence having been occupied by the end of the 1990s. Another important factor is the Mischief Reef incident of 1995 and its aftermath. When the Philippines discovered that China had covertly established structures on a reef which is situated within their 200-mile Exclusive Economic Zone and stationed military vessels nearby, this

[17] The following overview of the South China Sea is largely based on Beukel 2010.

kicked off the first intense diplomatic clash between China and ASEAN and had a number of consequences for their relations. As a breakthrough for ASEAN, the issue was no longer ignored and its member states reached a common position laid out in a 1995 joint statement. For the individual member states, it meant refocusing their traditional concept of national security aimed at territorial sovereignty to include challenges from surrounding states, which led to improved defense ties with Washington as of 1995. Since then, the U.S. has been cooperating with the Philippines, Singapore, Malaysia, Thailand, Brunei and Indonesia with an annual training and bilateral military exercises. In the case of the Philippines, this was clearly a reaction to the Mischief Reef incident, as the U.S. navy had had to leave their two naval bases in the Philippines only several years previously. China, on the other hand, recognized that it would have to accept a certain degree of regional multilateralism on this issue in the face of ASEAN pressure, even though it continued to reject its internationalization and also continued attempting bilateral negotiations. The engagement strategy upheld by ASEAN through the ARF led to the Declaration of Conduct being signed in 2002 after 3 years of negotiation. In a bid to increase its military transparency, China founded the Information Office of the Ministry of National Defense to give regular and irregular press conferences and issue statements. China seemed to realize that it had pushed things too far in the Mischief Reef incident and had to accept employing its soft power skills in negotiating with ASEAN if it wanted to secure a stable environment for domestic growth and gain support from ASEAN for its unification policy.

In 2004, the ASEAN-China Senior Officials Meeting on the Implementation of the Declaration on the Conduct of Parties in the South China Sea set up a joint working group for confidence building activities including marine environmental protection, marine scientific research, safety of navigation and communication at sea, search and rescue operation, and combating transnational crime. China has not tried to use its naval military force to expel other states in from their occupied territories in the South China Sea since 1988. Yet it is questionable that this means that under its New Security Concept it has agreed to shelve the issue and work towards a peaceful resolution in the future. The 2002 Declaration of Conduct was an only partly satisfactory outcome, as China refused to sign any binding normative standard. The Declaration thus replaced a Code of Conduct pushed by the Philippines and Vietnam which wanted assurance in the form of a more detailed and binding document. In the South China Sea, there is a discrete fundament of hard power interests beneath its diplomatic engagement and praise for the ASEAN way which China is unwilling to ignore. As such there have been repeated skirmishes between warships since 1995. In 2005, China managed to follow the bilateral route by foregoing ASEAN and negotiating separate bilateral "principles for a peaceful settlement" with Vietnam and the Philippines. In 2011, tensions rose after a Chinese frigate fired at Philippine fishing boats in February and Chinese patrol vessels clashed with Vietnamese oil and gas survey ships. In October 2011 China and Vietnam signed a new agreement on basic principles guiding the settlement of maritime territorial disputes which reiterated the 2002 Declaration on the Code of Conduct. During the following year political friction with Vietnam continued over a

long-term deal with India for cooperation in the oil-sector. In April 2012 two Chinese maritime surveillance vessels and Philippines' largest naval vessel were confronted in the Scarborough Shoal which is claimed by both nations. This sparked domestic nationalistic protests in both countries as well a decline in trade, and despite de-escalation through a temporary fishing ban Chinese surveillance vessels continued to patrol the area. During the final week of November 2012, reports surfaced about a revision of regulations passed by China's Hainan Province People's Congress allowing marine patrol police to board or seize foreign ships that are identified as having illegally entered Chinese maritime territory. Hainan Province is adjacent to the South China Sea and has jurisdiction over Sansha, a prefecture-level city established July 2011 to represent the islands under China's control. Reportedly being implemented as of January 2013, this revision significantly strengthens the patrolling of Chinese territorial claims and was presented as an urgent legal measure in the face of rising disputes by the Chinese side.[18] Qi Jianguo, former Chinese ambassador to Vietnam, pointed out the significance of this administrative reform as a preparation for dealing with complicated maritime disputes in the long-term. Just as in the East China Sea, several new patrol ships are expected to join the southern patrol fleet, garnering protest by the Philippines and raising concerns over its effects on maritime trade by Singapore. As the new Chinese leader Xi Jinping took up office as head of state on 14 March 2013, the five different civilian maritime law-enforcement agencies were merged into one agency.

In 2012, the Philippines became active in seeking both a regional and an international solution to the dispute after a collective reaction by ASEAN member states was sought in vain. The November 2012 ASEAN summit hosted by Cambodia failed to stick to its own 2012 deadline of re-initiating negotiation on a binding code of conduct, which would require a unanimous decision by all member states. Cambodia is closest to China in the ASEAN grouping; it receives twice the amount of investment from China than other ASEAN nations. Reports from the ASEAN summit clearly show how the heated disputes between states blocked ASEAN from being able to issue a joint communiqué (Thayer 2012). Cambodia has been accused of blocking a unified ASEAN stance on the South China Sea issue in 2012, and the Philippines subsequently turned toward the international sphere by seeking international arbitration under the UN Convention on the Law of the Sea. This unilateral move by the Philippines has the potential to internationalize the issue. However, it might not prove conducive to a solution as China can refuse to comply with a ruling. On the one hand, it shows that the Philippines did not want to resort to balancing behavior and chose instead to appeal to the norms of the international community. This represents a much less threatening act than an outright escalation through a strategy of hard balancing. However, this move that might damage the strategy of engagement which ASEAN has been following with

[18] China Daily, 28.11.2012.

China, as shifting the issue from a regional to a global stage is something China is strongly opposed to. In reaction to the Philippines' initiation of an arbitral process, China has stated that it wants to continue to solve the issue over negotiations with the "parties concerned."[19]

China committed itself to start discussions on a Code of Conduct at the ASEAN Regional Forum in July 2013. Since 2011, China has been pushing for maritime cooperation with ASEAN in a bid to further develop the Declaration of Conduct and thus decrease pressure to sign a binding Code of Conduct. Furthermore, there have been more overt signs that China has been pursuing its interests outside of ASEAN engagement.

China's line of action involves a dual strategy of upgrading its naval capabilities in view of its territorial claims and seeking to direct cooperation along the lines of its new "Maritime Silk Road" initiative. As part of the first aspect, China has held continued navy exercises in the South China Sea. These were held, for example, near the Spratly Islands close to the coast of Malaysia in March 2013 or with its most advanced guided-missile destroyer in September 2014. In May 2014, a Chinese oil rig in the Exclusive Economic Zone claimed by Vietnam as well as confrontations between naval coast guard vessels sparked heightened tension between China and Vietnam. This makes it clear that China is reinforcing its capacity to patrol and protect the contested territorial areas it claims, and is not afraid of demonstrating its hard power capabilities towards territorial rivals. At the same time, it is diverting the political potential for conflict through diplomatic means, highlighted by Xi's numerous visits to Southeast Asian nations since taking office as Chinese President. This second aspect of China's most recent strategy is centered around political engagement on its own terms. The Maritime Silk Road initiative is a concept based on economic development as well as on cooperation in maritime security. Through this initiative, China seeks to engage ASEAN member states in an attractive scheme of development cooperation and investment. Late 2014, Xi announced a Chinese contribution of $40 billion towards a Silk Road infrastructure fund.[20] This includes large investments in ports and industrial parks planned in Indonesia and Malaysia.[21]

The way Chinese leaders have explained the Maritime Silk Road initiative, it can be interpreted as a competing model of regional cooperation, with China at the helm instead of reinforcing the current model with ASEAN at its center. This format of cooperation surpasses ASEAN in that it is aimed at the whole of the Indian Ocean. However, the same can be said of Indonesian President Joko Widodo's concept of the Global Maritime Access and the proposal for an Indonesia Maritime Partnership Initiative. Despite originating from an ASEAN member state, it is not clear how

[19] http://www.gmanetwork.com/news/story/291719/news/nation/china-prefers-negotiations-on-south-china-sea-disputes, last accessed 02.02.2015.

[20] Manila Times (2014).

[21] Lim (2015).

such an initiative would be contextualized in the existing regional architecture (Pattiradjawane and Soebagjo 2015). As such, the Maldives and Sri Lanka have been eager to become involved. Sri Lanka welcomed Chinese investment for a new port built in 2014. The "Colombo Port City" is strikingly different from previous infrastructure projects completed with Chinese involvement in that it was completely financed by the Chinese side with no involvement from the Sri Lankan government.[22] As Chinese State Councilor Yang Jiechi pointed out in his explanation of the Silk Road, its foundation is the equal treatment of all countries involved (Yang 2015). This means a special role for ASEAN as a first dialogue partner on this initiative when it comes to involving the Southeast Asian nations is rejected. To secure its sole leadership role in this initiative, China is leveraging its economic capability through investment. It employs the concept of an "early harvest" through which "countries along the route reap the benefit... at an early date" and then "become more enthusiastically involved." In this way, China wants to underline the mutual advantageous nature of close economic cooperation and diminish the ASEAN nations' rational and willingness to challenge this initiative in a concerted manner. The proposal has already attracted Cambodia, which made its eagerness to participate clear during the China-ASEAN Expo in September 2014. It sees the Silk Road as an opportunity to obtain much-needed investment in infrastructure and other sectors. In contrast, for other ASEAN states, such as Vietnam and the Philippines, the Silk Road initiative has stirred some controversy.

The Silk Road initiative can also be understood as a means to divert potential balancing behavior against China which might arise from its increasing maritime capacity strengthening and military focus on the South China Sea. After the 10-week crisis between China and Vietnam in May 2014, Japan, the U.S. and India all stepped up their cooperation with Vietnam. They provided patrol vessels and high-end equipment in order to strengthen its maritime capacity. However, Vietnam's leaders did not divert from its policy of avoiding military alliances and of refraining from engaging in relationships against a third party.[23] Instead, the removal of the contested Chinese oil rig was followed by a surge in their bilateral diplomatic relations with China and the establishment of a military hotline between the two countries. Interviewed in September 2014, Vietnam's Foreign Minister underlined the comprehensive strategic partnership it has with China and the "politically and economically very good relations" between the two countries which meant that even in the territorial disputes, "they [other ASEAN countries] cannot predict, but we [Vietnam] know [about China's behavior] in our relationship with China."[24] He further indicated that the basis for this foundation of trust is formed by the economic aspect of the relationship, as trade with China represents

[22] http://www.bloomberg.com/news/articles/2014-09-15/china-maritime-silk-road-proves-boon-for-sri-lanka-as-xi-arrives, last accessed 02.02.2015.

[23] Do (2015).

[24] Asia Society (2014).

one-third of Vietnam's total volume of international trade. This stands in contrast with what the President of the Philippines said at the same event, which is that their relationship with China "goes from hot to cold and. . . we do not always understand the messages." Yet even for the Philippines, which has a much less intense economic relationship with China than Vietnam, the Maritime Silk Road is a dangling carrot based on enticing economic prospects. This became clear in the wake of a controversy stirred by a media report in November 2014 that China was supposedly bypassing the Philippines in its official maps of the Silk Road initiative.[25] In response to these allegations, China made a diplomatic effort in order to reassure the Philippines that it was not excluded from its Maritime Silk Road blueprints and the Philippines made it clear that it favored cooperating with China on this initiative.

These dual efforts on the part of China to assert its territorial claims and engage ASEAN nations in its own regional initiative therefore clearly have the potential to make ASEAN both less united and less relevant. The Silk Road initiative is a regional strategy which brings multiple bilateral relationships between China and Indian Ocean nations under one umbrella. It is also an attempt at strengthening China's trade-related security, preventing balancing against its rise and ensuring an overlap in national interests, making a challenge to the developments of its maritime capacity increasingly unlikely. However, the ASEAN-led order is still far from being surpassed or replaced. A unified ASEAN reaction to the Silk Road initiative is still possible as the construction of the ASEAN community advances. Despite China's attempts to surpass the ASEAN framework, its institutional relevance becomes apparent as the dominant framework for maritime cooperation. China has been pushing cooperation on maritime security since 2011. In 2012, the China-ASEAN Maritime Partnership was proposed in order to focus on non-conventional security issues. Cooperation focuses on topics such as disaster risk reduction and maritime resource management, which have the potential to lead to a managed solution of the South China Sea conflict. Plans include setting up a China-ASEAN maritime cooperation center, a China-ASEAN maritime helpline and a China-ASEAN Ocean College in 2015, declared the year of China-ASEAN Maritime Cooperation. With the support of other international actors, such as the European Union, this reconfirms ASEAN's position at the center of regional maritime cooperation. Furthermore, the Silk Road has taken up the aspect of connectivity, a new ASEAN norm at the heart of its recent efforts at regional integration. Connectivity, laid out in the "Master Plan on ASEAN Connectivity", is seen as essential in order to achieve the 2015 goal of an ASEAN Community. It involves aspects such as transportation, communication an investment between ASEAN nations. As such, the Silk Road initiative builds on the community-forming efforts

[25] Manila Bulletin (2014).

of ASEAN in that is blueprints "can also be aligned with the blueprints for the ASEAN Community" (Yang 2015).

In conclusion, neither material capabilities nor soft power and diplomacy are the deciding factor in contemporary China-ASEAN relations, but rather an inseparable mix of both. China, making up for what it lacks in military projection capabilities to enforce its territorial claims by economic might, has increasingly shown its two faces of hard and soft power in negotiating the sensitive South China Sea dispute with ASEAN. In a recurring pattern of territorial skirmishes with individual ASEAN states, it has always avoided strait-out confrontation. There is an acute awareness of the need to avoid armed conflict. This pattern in the South China Sea dispute has uncovered both the weaknesses of ASEAN as a collective organization as well as its potential strengths if it can manage to collectively engage China towards furthering commitments undertaken since the late 1990s. As was demonstrated in the first section, China's avoidance of military conflict is not only based on a realistic assessment of its own military capabilities. Using only hard-power realities to explain the avoidance of full-blown conflict over maritime territories ignores the extensive attempts at engagement on a political and economic level put forward by both ASEAN, and more recently, also by China. On the ASEAN side, ASEAN has been consistently trying to increase China's stakes in regional stability by enmeshing it in numerous dialogues and agreements. Now that China has responded with its own initiative, even if this were based exclusively on a realist calculation aimed at demonstrating its non-revisionist nature and at pre-empting balancing behavior, it has shown recognition of the necessity to engage multilaterally and peacefully. In these efforts, realist logic based on the concept of threat is avoided in that China's rise is not framed as a source of danger, but rather as a source of opportunity. If one recalls the definition of enmeshment proposed by Goh, which aims to "create overlapping spheres of influence in the region which are competitive but positive-sum" and to "discover common interests that are not mutually exclusive" (Goh 2005, pp. 7–8), it seems that China is also starting to subscribe to this logic in its own foreign policy strategy.

What therefore most threatens the relevance of the ASEAN way of engaging China are the interior differences among ASEAN member states and their lack of commitment to ASEAN goals, such as building a Security Community by the end of this year. What China-ASEAN relations demonstrate is that relative increases in power do not have to lead to a zero-sum game and that there is more than only balancing or bandwagoning in the face of a rising power. Both analytically and strategically, not just balance of power, but community- and norm-based orders as well are important. In order to avoid an arms race and promote peaceful rise, they might even be the deciding factor.

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Part IV
Important Non-claimant Actors

Chapter 18
U.S. Policy Towards the Disputes in the South China Sea Since 1995

Taylor Fravel

18.1 Introduction

One defining feature of the international relations of East Asia over the past 5 years has been the steady increase in tensions in the disputes over territorial sovereignty and maritime jurisdiction in the South China Sea. Although the United States does not claim sovereignty over any of the land features being contested, it has increased its attention to and involvement in efforts to manage these disputes. This policy brief will review the evolution of U.S. policy towards the conflicts in the South China Sea and assess the implications of greater U.S. involvement for U.S.-China relations in the coming decade.

U.S. policy towards the disputes in the South China Sea has four features. First, the United States has altered the content of its declaratory policy in response to changes in the level of tensions in the dispute. In other words, the United States has increased its level of involvement following the increase in tensions among the claimants. During periods of stability in the dispute, the United States has not altered its policy or increased its involvement.

Second, U.S. policy towards the South China Sea has been premised on the principle of maintaining neutrality regarding the conflicting claims to sovereignty. This means that the United States does not take sides and support one state's claim to sovereignty against the other claimants. Taking sides would be costly for the United States, as the United States does not want to increase its direct involvement in China's sovereignty disputes nor make the South China Sea a central issue in the U.S.-China relationship. Nevertheless, a tension exists between the principle of maintaining neutrality and greater involvement in efforts to manage tensions in the

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dispute, especially when one country is identified as being the primary source of increased tensions.

Third, as its involvement in managing tensions has increased, the United States has emphasised the process and principles by which claims should be pursued more than the final outcome or resolution of the underlying disputes, especially conflict management through the conclusion of a binding code of conduct between ASEAN and China. The focus on process and principles aims to thread the needle of maintaining neutrality over sovereignty while increasing involvement to reduce instability. The general approach is to articulate principles that should be followed by all claimants and to use those principles as the basis for U.S. policy.

Fourth, U.S. policy in the South China Sea has sought to shape China's behaviour in the region by highlighting the costs of coercion and the pursuit of claims that are inconsistent with international law. Costs for Beijing included a tarnished image as a state that acts in violation of international law (especially UNCLOS), poor relations with other claimants, and an improved position of the United States in the region as a partner for other claimants in these disputes. Nevertheless, by adhering to the neutrality principle, the United States has sought to increase its involvement without defending the claims of other claimants.

Looking forward, the involvement of the United States in seeking to manage tensions in the South China Sea is likely to continue so long as the territorial and maritime demarcation disputes remain unresolved and states take declaratory and operational actions to assert and defend their claims. Nevertheless, if tensions are reduced even without the settlement of the underlying disputes, then the involvement of the United States would likely decline. To the degree that tensions in the South China Sea are associated with Chinese behaviour, then the South China Sea will continue to be an issue in U.S.-China relations. Nevertheless, by balancing involvement regarding dispute management with neutrality over questions of sovereignty, the United States has sought to limit the role of the South China Sea in the U.S.-China relationship.

18.2 U.S. Interests in the South China Sea

The United States has two principal interests in the South China Sea: access and stability. First, the United States has a powerful interest in maintaining unhindered access to the waters of the region. From Washington's perspective, all countries enjoy high seas freedoms, including freedom of navigation, beyond any coastal state's 12 nm territorial seas over which the coastal state enjoys sovereign rights. Both commercial and military vessels enjoy such high-seas freedoms as contained in articles 56 and 87 of the United Nations Convention on the Law of the Sea (UNCLOS). Towards this end, the United States has conducted multiple "operational assertions" of such freedoms in Malaysian, Vietnamese and Chinese waters

annually since 2007.[1] Although the details of these operations are not publicly available, they have presumably occurred in the South China Sea among other areas.

Unhindered access to the waters of the South China Sea is important for two reasons. First, it underpins the economic dynamism of the region, which is based on extensive intra-regional and international trade. More than five trillion dollars' worth of trade passes through these waters each year, including more than one trillion with the United States.[2] Second, unhindered access sustains America's ability to project military power, not just in East Asia but also around the world, as many U.S. naval vessels from the West Coast and Japan pass through the South China Sea en route to the Indian Ocean and Persian Gulf. Third, upholding the principle of freedom of navigation in the South China Sea is part of a desire to uphold this principle globally.

For the United States, unhindered access to the South China Sea faces several threats. The first is China's interpretation of the rights of coastal states in the Exclusive Economic Zone. Since the EP-3 incident in 2001, China has mobilised a variety of legal arguments designed to limit military activities in this zone, especially U.S. surveillance and reconnaissance activities.[3] Although China has focused its opposition to U.S. operations in areas close to China's coast, China may seek to impose similar restrictions throughout the entire South China Sea. Even if China embraced UNCLOS-compliant claims that did not seek to restrict military activities consistent with the convention, ambiguity surrounding the historic rights that China might claim in these waters based on the nine-dashed line sustains such concerns. A second threat is the modernization of the PLA Navy (PLAN), which, over time, could be used to exclude U.S. naval vessels from these waters. Nevertheless, given the expanse of the South China Sea, the PLAN's South Sea Fleet will not have such capabilities for some time, perhaps decades. At present, the South Sea Fleet has roughly 8 destroyers (5 of which are modern) and 19 frigates (4 or 8 of which are modern). The South China Sea comprises more than three million square kilometres, an area in which it would be challenging for any navy to exercise sea control, especially given the number of littoral states.

Second, the United States has a powerful interest in the maintenance of regional peace and stability in Southeast Asia. Like open and unhindered access, regional stability also sustains both East Asian and American prosperity, as conflict or intense security competition would divert scarce resources away from development, reduce trade by threatening the security of sea-lanes, and reduce cross-border investment, both in the region and across the Pacific.

Regional stability faces several threats in the South China Sea. The first is the potential for armed conflict among the various claimants in the disputes over the

[1] Freedom of Navigation Operational Assertions, Department of Defense, http://policy.defense.gov/OUSDPOfficesASDforGlobalStrategicAffairs/CounteringWeaponsofMassDestruction/FON.aspx2

[2] Glaser (2012).

[3] Ren and Cheng (2005).

territorial sovereignty of land features such as islands and coral heads and over maritime rights such as an Exclusive Economic Zone. China and Vietnam have clashed twice, first in 1974 over the Crescent Group in the Paracel Islands (contested only by China and Vietnam) and in 1988 over the control of Johnson Reef.[4] As zero-sum conflicts, territorial disputes are prone to the pernicious effects of the security dilemma and can quickly spiral out of control. A second threat to stability would be the increasingly frequent use of coercive measures short of armed conflict to advance a state's claims. China's threats to American oil companies in the region in 2007 and 2008 provide one example of such coercive behaviour that can increase instability.[5] A third threat would be on-going naval modernisation in the region. In addition to the re-capitalisation and modernisation of China's South Sea Fleet, Vietnam is also investing heavily in naval and air capabilities to be used in the South China Sea, such as Kilo-class submarines purchased from Russia, that will enhance Hanoi' sown area denial capability. Spirals of instability in disputes over sovereignty and maritime rights could evolve into a capabilities race and increased security competition that increases the overall likelihood of a clash. A third source of instability, indirectly related to the South China Sea, would be the potential for a spiral around efforts by China and the United States over threatening and maintaining access, respectively. In response to new Chinese "anti-access/area denial" capabilities, including an anti-ship ballistic missile, the United States military has developed a new operational concept known as AirSea Battle intended to ensure U.S. access to these waters in wartime. Peacetime efforts to develop such capabilities could result in an "access" arms race and increased instability.[6]

In addition to access and stability, the United States has other interests related to the disputes in the South China Sea. These include maintaining its commitments to allies in the region while at the same time not becoming entrapped by allies in specific disputes. Another interest is maintaining a stable and cooperative relationship with China, of which maritime disputes in East Asia are only one part. A final interest is maintaining its position of neutrality regarding the sovereignty of land features under dispute.

18.3 U.S. Policy Towards the South China Sea disputes

Since the end of the Cold War, U.S. policy towards the disputes in the South China Sea has been largely reactive. The United States has altered the content of its policy in response to events in the South China Sea that threaten U.S. interests. Declaratory U.S. policy may be usefully divided based on several distinct turning points.

[4] On China's past behavior in the South China Sea, see Fravel (2008).

[5] Fravel (2011).

[6] For other recent articulations of U.S. interests in the South China Sea, see Bader (2014) and Russel (2014).

18.3.1 1995: China's Occupation of Mischief Reef

The U.S. first took a public position on the disputes in the South China Sea following China's occupation of Mischief Reef in late 1994. In response to growing concerns about stability in the region, the United States in May 1995 issued a policy statement through the State Department spokesman.[7] U.S. policy as articulated in this statement contained five elements:

1. Peaceful resolution of disputes: "The United States strongly opposes the use or threat of force to resolve competing claims and urges all claimants to exercise restraint and to avoid de-stabilizing actions."
2. Peace and stability: "The United States has an abiding interest in the maintenance of peace and stability in the South China Sea."
3. Freedom of navigation: "Maintaining freedom of navigation is a fundamental interest of the United States. Unhindered navigation by all ships and aircraft in the South China Sea is essential for the peace and prosperity of the entire Asia Pacific region, including the United States."
4. Neutrality over the question of sovereignty: "The United States takes no position on the legal merits of the competing claims to sovereignty over the various island, reefs, atolls, and cays in the South China Sea."
5. Respect of maritime norms, especially UNCLOS: "The United States would, however, view with serious concern any maritime claim or restriction on maritime activity in the South China Sea that was not consistent with international law, including the 1982 United Nations Convention on the Law of the Sea."

Following the occupation of Mischief Reef, tensions in the dispute began to subside even though they did not disappear completely. In the late 1990s, China and ASEAN began negotiations on a code of conduct for the disputes in the South China Sea. In 2002, the two sides reached an agreement on a declaration of a code of conduct, which included a commitment to concluding a binding code of conduct at a later date.

18.3.2 2010: Response to Growing Tensions from All Claimants

In 2010, the United States decided to expand and clarify its policy towards the South China Sea in response to the escalation of tensions among the claimants after 2007. During this period from 2007 to mid-2010, all claimants, especially China, more actively asserted their claims and, at times, took actions to uphold or defend those claims that only further increased tensions. Such actions included China's threats to foreign oil companies investing in Vietnamese offshore exploration

[7] Daily Press Briefing, U.S. Department of State, May 10, 1995, http://dosfan.lib.uic.edu/ERC/briefing/daily_briefings/1995/9505/950510db.html

blocks (including several American companies) between 2006 and 2008, the 2009 submission of claims and counter-claims for extended continental shelf rights to a UN body, China's detention of hundreds of Vietnamese fishermen operating in the waters near the Paracel Islands in 2008 and 2009, China's efforts to obstruct the operations of the USNS Impeccable roughly 75 nautical miles from Hainan Island in March 2009, China's inclusion of a map with the "nine-dashed line" in a note verbale to the UN in May 2009, China's imposition of seasonal fishing bans in the northern portion of the South China Sea, an increase in the number of patrols by Chinese maritime law enforcement agencies in contested waters, an increase in the frequency and scope Chinese naval exercises in the South China Sea, symbolic visits by Malaysian and Vietnamese leaders to the Spratly Islands in 2009 and 2010, the passage in the Philippines of an archipelagic baseline law with claims to many of the Spratlys in February 2009, and a stand-off between Vietnamese and Chinese law enforcement vessels in April 2010.[8]

By 2009, the United States had started to pay more attention to the South China Sea. The proximate causes were twofold. First, Chinese threats to U.S. oil companies operating off the coast of Vietnam in 2008 marked the first time that China had directly challenged U.S. commercial interests and U.S. companies in particular in the South China Sea. Second, China's harassment of the USNS Impeccable and other U.S. naval survey vessels renewed questions about China's approach to freedom of navigation on the high seas. The new level of U.S. attention was reflected in Congressional testimony by Scott Marciel in July 2009.[9] By 2010, the Obama administration decided that anew statement of U.S. policy towards the South China Sea was required. According to Jeff Bader, then President Obama's senior adviser on Asia policy, the escalation of tensions described above led U.S. officials to decide "that a new, more comprehensive articulation of U.S. policy was called for."[10]

The venue chosen for the articulation of this new policy was the July 2010 annual meeting of the ASEAN Regional Forum. During the closed-door session, the United States and 12 other countries expressed concern about the tensions in the South China Sea. Secretary of State Hillary Clinton also delivered a public statement of the U.S. position, the highest-level U.S. official ever to do so.[11] In her statement, Clinton affirmed core elements of the 1995 policy, including "a national interest in freedom of navigation," opposition to "the use or threat of force by any claimant," and "not taking sides" in the competing territorial claims.

Clinton also introduced new elements to U.S. policy that were not part of the 1995 statement, including:

[8] For a complete list of developments during this period, see Swaine and Fravel (2011).

[9] Marciel (2009).

[10] Bader (2013).

[11] "Remarks at Press Availability," July 23, 2010, http://www.state.gov/secretary/rm/2010/07/145095.htm

1. Resolving disputes without coercion
2. Support for a "collaborative diplomatic process by all claimants," including a willingness to "facilitate initiatives and confidence building measures consistent with the [2002 Declaration on a Code of Conduct]"
3. Support for drafting of a full code of conduct
4. The position that "legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features."

Overall, the new statement of U.S. policy emphasised broadly accepted international principles that should be applied in these disputes. China was not mentioned by name. Nevertheless, several elements of the Clinton statement were directed against China more than any other claimant. First, the language regarding "legitimate claims" suggested that the United States opposed any claim by China to maritime rights based on the nine-dashed line on Chinese maps (in addition to possible historic claims by Vietnam). Such claims would be inconsistent with UNCLOS, which is based on the principle that the land dominates the sea. Second, the emphasis on a "collaborative process" that implied multilateral talks stood in contrast to China's preference for dealing with each claimant bilaterally. Although the United States did not take a position on the underlying sovereignty claims, it did take a position on the legitimacy of claims to maritime jurisdiction that states in the region could pursue and the process by which the dispute should be either managed or resolved. Thus, it did not abandon neutrality or become a party in the dispute, but it did increase its involvement in an effort to manage tensions.

In this period, the one aspect that has perhaps garnered the most attention was the notion that the United States might become directly involved in the disputes in the South China Sea. There were several reasons for this view. Although the United States had expressed growing concerns in 2009 (Marciel's Congressional testimony) and in May 2012 (Secretary of Defense Gates at Shangri-La), the United States at the July 2010 meeting of the ASEAN Regional Forum had coordinated with other states (both claimants and non-claimants) to express concern about the increase in tensions in which China played a role. In all, 12 states expressed concern about either maritime security or the South China Sea, producing a harsh and likely pre-planned speech by Foreign Minister Yang Jiechi.[12] In addition, the New York Times appeared to mischaracterize Clinton's statements as suggesting that the United States would play a direct role in the dispute, writing that Clinton stated that the United States "would be willing to facilitate multilateral talks on the issue."[13] What Clinton said, however, was that the United States supported the 2002 code of conduct declaration, encouraged "the parties to reach agreement on a full code of conduct" and would be "prepared to facilitate initiatives and confidence building measures consistent with the declaration." Although Clinton did not state

[12] "Foreign Minister Yang Jiechi Refutes Fallacies on the South China Sea Issue," Ministry of Foreign Affairs, China, 26 July 2010.

[13] Landler (2010).

that the U.S. would become a party to the dispute, the new policy statement certainly implied this was possible and this perception was not corrected.

With the new statement of policy in 2010, the United States indicated that it planned to walk a fine line between maintaining neutrality regarding the issues under dispute (territorial sovereignty and maritime jurisdiction) while also becoming more involved in the dispute in some way. Of course, the United States was not the only great power to become more involved. During this period, states like Japan and India also began to express their concern about tensions in the region. Nevertheless, given that China was viewed as the principal cause of tensions, and because of concerns about growing Chinese capabilities, the involvement of the United States would potentially have the effect of limiting Chinese freedom of manoeuvre in how it asserted its claims.

Until the summer of 2012, U.S. policy towards the disputes did not change significantly with one exception. The exception was that discussions of the "facilitation" of dialogue or talks disappeared from the talking points of U.S. officials. Nevertheless, the United States continued to underscore its interest in freedom of navigation, the peaceful settlement of disputes, the absence of coercion and the like. The United States also continued to underscore the importance of dialogue among the claimants and declared strong support for the code of conduct process in the South China Sea.

18.3.3 2012: Scarborough Shoal and Sansha City

U.S. policy changed slightly in 2012. The proximate cause was the stand-off between China and the Philippines over Scarborough Shoal, which then subsequently resulted in ASEAN failing to issue a joint statement for the first time in its 45 year history. In early April 2012, a standoff over control of the shoal began after the Philippine navy attempted to arrest Chinese fishermen who were operating in the shoal's lagoon. At the end of May 2012, the United States brokered an agreement for a withdrawal of forces, but China reneged on the deal in early June and returned to the shoal once Philippine vessels had departed. When the Philippines sought to include a reference to Scarborough in an ASEAN joint statement following a ministerial meeting in July 2012, China placed pressure on Cambodia to reject the Philippine request, which resulted in a decision by Cambodia as ASEAN chair not to issue a joint statement at all.[14]

In the spring and summer of 2012, tensions in the South China Sea increased for other reasons that were also linked with Chinese behaviour. In June 2012, China announced that it was upgrading the administrative status of the islands in the South China Sea by creating a prefectural level city, Sansha City, based on Woody Island in the Paracels. As part of this administrative change, the PLA mostly symbolically

[14] De Launey (2012); author interviews.

established a new garrison on the island.[15] In June 2012, Vietnam issued a national maritime law that included its claims to sovereignty over the Paracel and Spratly Islands while also conducting for the first time air patrols over the Spratly Islands with advanced Su-27 fighters.[16]

In response to these events, especially China's actions, the United States clarified its policy. In early August 2012, the United States issued another policy statement on the South China Sea.[17] This one was delivered by the State Department spokesperson, not the Secretary of State. The statement reiterated the U.S. interest in peace and stability and noted the increase in tensions. In particular, unlike past statements, this one identified China explicitly, including its activities around Scarborough and the establishment of Sansha City. As a result, the U.S. appeared to be turning towards much more active involvement in the dispute and potentially taking sides. The statement then repeated other elements of U.S. policy, including encouragement of a code of conduct, the clarification of claims, and the peaceful resolution of disputes. Nevertheless, after the August 2012 statement, the U.S. did not continue to refer to China and returned to the previous emphasis on general principles that should be applied to all disputants.

18.3.4 2014: China's "Incremental Efforts" to Assert Control

In early February 2014, the United States issued its most detailed statement of policy towards the South China Sea. The venue was congressional testimony of Daniel Russel, the Assistant Secretary of State for East Asia and the Pacific, during a series of hearings on the U.S. policy of "re-balancing" towards the Asia Pacific. As a result, this statement of policy was not just a direct in response to events, but also a function of the hearings being convened by the House Foreign Affairs Committee. Sources of increased tensions included Chinese pressure on the Philippine held feature Second Thomas Shoal, which was surrounded by Chinese law enforcement vessels in the summer of 2013, along with much more pressing concerns that China might establish an Air Defense Identification Zone (ADIZ) in the South China Sea following the establishment of the East China Sea ADIZ in November 2013. Even more recently, the updating of fishing regulations in Hainan province that could be applied to the South China Sea in December 2013 and the widely publicised oath-taking ceremony aboard several Chinese naval ships at James Shoal close to Malaysia in January 2014 underscored continued concerns about China's behaviour and claims in the South China Sea. As a result, the

[15] Blasko and Fravel (2012).

[16] "Vietnam to conduct regular air patrols over archipelago," Thannien News, June 20, 2012.

[17] "South China Sea," U.S. Department of State, August 3, 2012, http://www.state.gov/r/pa/prs/ps/2012/08/196022.htm

testimony reflected a judgment that China's behaviour over the past several years reflected an "incremental effort by China to assert control over the area contained in the so-called 'nine-dashed line.'"[18]

Regarding U.S. policy towards the South China Sea, Russel's testimony is noteworthy for two reasons. First, like the August 2012 statement, it singled out China by name as taking actions that increased tensions in the region. China was the only claimant specifically mentioned as contributing to instability. Second, in the testimony, Russel discussed in more detail the U.S. position that according to customary international law "all maritime claims must be derived from land features and otherwise comport with the international law of the sea."[19] In particular, Russel stated explicitly what was clearly implied in Clinton's 2010 statement, namely, that China's nine-dashed line was inconsistent with international law and not a legitimate basis for maritime claims in the South China Sea. As Russel outlined, "any use of the 'nine-dashed line' by China to claim maritime rights not based on claimed land features would be inconsistent with international law."[20] Third, Russel affirmed U.S. support for the Philippine decision to pursue arbitration with China at the International Tribunal of the Law of the Sea and described it as an example of solving disputes in a peaceful, non-coercive way.

18.4 U.S. Relations with Littoral States in the South China Sea

As U.S. declaratory policy towards the South China Sea has evolved, the United States has also strengthened diplomatic, economic and military ties with several littoral states, especially Vietnam and the Philippines. Although some of this activity was started before 2010, the pace increased afterwards, with both Vietnam and the Philippines among others. This cooperation includes defence and security related dialogues as well as port visits and exercises.

18.4.1 Vietnam

The deepening of U.S.-Vietnamese relations pre-dates the latest round of tensions in South China Sea. Overall, they reflect the development of relations following normalisation in 1995. Nevertheless, the pace of activities, especially in the political-military realm, has increased along with tensions in the South China Sea. Since 2008, the two countries have held an annual political, security, and defence dialogue at the assistant secretary of state level. In the course of this dialogue, the

[18] Russel (2014).
[19] Russel (2014).
[20] Russel (2014).

United States began in 2010 to discuss the formation of a strategic partnership. In July 2013, during Vietnamese President Sang's visit to the United States, the two countries announced the formation of a "comprehensive partnership" as a framework for developing the bilateral relationship.[21] Areas of cooperation included political and diplomatic relations, trade and economic ties, science and technology, education and training, environment and health, war legacy issues, defence and security, protection and promotion of human rights, and culture, sports, and tourism.

The military relationship began to deepen in 2010. In 2010, the United States and Vietnam began to hold annual defence policy dialogues, which reflected a deepening of military-military relations. Along with the defence dialogue, the two countries initiated a series of what the Pentagon terms "naval engagement activities" or a series of low-level exchanges and exercises. The inaugural event, held in August 2010, was noteworthy because a group of Vietnamese political and military leaders boarded the aircraft carrier USS George Washington to observe its operations in the South China Sea. Similar naval exchanges have occurred on what now appears to be an annual basis in July 2011, April 2012, and April 2013. Also in 2010, the United States Navy began using Cam Rahn Bay to service and repair auxiliary logistics ships from the USNS.[22] Since then, at least seven ships have been serviced in Vietnam. Finally, in September 2011, the United States and Vietnam concluded Memorandum of Understanding on Advancing Bilateral Defense Cooperation that codified the activities and exchanges underway.[23]

18.4.2 The Philippines

Unlike Vietnam, the United States has maintained a sustained military relationship with the Philippines even after United States forces left the country following the closure of Subic Bay. In particular, on usually an annual basis since 1991, the United States and the Philippines have held joint exercises under the name of "Balikatan." In addition, because of concerns about terrorism after September 11th, the United States and Philippines increased cooperation in the area of counter-insurgency. Nevertheless, following the increase in tensions in the South China Sea in the late 2000s, the United States and the Philippines have increased their overall level of diplomatic cooperation as well as cooperation in the maritime domain.

Looking back, 2011 appears to have been the turning point in U.S.-Philippine relations. In January 2011, the United States and the Philippines held for the first time a "bilateral strategic dialogue" involving senior officials from the State

[21] "Joint Statement by President Barack Obama of the United States of America and President Truong Tan Sang of the Socialist Republic of Vietnam," The White House, July 25, 2013, http://www.whitehouse.gov/the-press-office/2013/07/25/joint-statementpresident-barack-obama-united-states-america-and-preside

[22] Dong (2013).

[23] Thayer (2013).

Department. According to Assistant Secretary of State Kurt Campbell, one purpose of the talks was to discuss how to "increase the Philippines maritime capacity" to patrol its waters.[24] In May 2011, the United States agreed to sell a Hamilton-class Coast Guard cutter, which became the flagship of the fledging Philippine navy, the BRP Gregorio del Pilar. In November 2011, to commemorate the 60th anniversary of the alliance, the United States and Philippines issued the "Manila Declaration" that reaffirmed the treaty as the basis of the bilateral relationship. The declaration itself referred to cooperation in the area of maritime security, including shared interests in freedom of navigation, the peaceful resolution of disputes and the pursuit of "collaborative, multilateral and diplomatic processes." During the signing of the declaration, in reference to the boxing champion Manny Pacquino, Secretary of State Clinton stated that "let me say the United States will always be in the corner of the Philippines. We will always stand and fight with you to achieve the future we seek."[25] Finally, in January 2012, a second Bilateral Strategic Dialogue was held followed in April 2012 for the first time with "2 + 2" ministerial talks with top diplomats and defence officials. The ministerial talks emphasized cooperation to help the Philippines build "a minimum credible defence posture" along with developing maritime domain awareness. Since then, talks have been held regarding increasing the U.S. military presence in the country on a rotational basis, but no final agreement has been reached. Finally, in December 2013, the United States announced a 3-year US$40 million program to help the Philippines enhance its maritime domain awareness.[26]

18.5 Looking Forward

Over the past 4 years, U.S. policy towards the South China Sea has evolved in response to the increase of tensions in these disputes and in particular to China's actions. Although the U.S. does not take a position on the underlying claims to sovereignty, it has increased its involvement in the dispute with an emphasis on the peaceful management of claims and ultimately the peaceful resolution of disputes. Because China has the greatest maritime capabilities of all the claimants, claims all of the land features in the South China Sea (along with Vietnam and Taiwan), and maintains ambiguity regarding the meaning and legal status of the of the "nine-dashed line," U.S. policy has responded to Chinese actions more than those of any other claimant.

As a result, maritime security in the South China Sea has become an issue in U.S.-China relations. By balancing greater attention to dispute management with

[24] "US pledges help for Philippine navy," AFP, January 27, 2011.

[25] "Clinton, Philippine Foreign Secretary Joint Press Availability," Department of State, 16 November 2011.

[26] "U.S. commits $40 mil. to boost Philippines' maritime security," Kyodo, December 17, 2013.

neutrality over sovereignty, the U.S. has sought to prevent the South China Sea from becoming a dominant or central element of U.S.-China relations. So far, U.S. policy has succeeded. Maritime security and the South China Sea have been discussed frequently at annual meetings such as the ASEAN Regional Forum and the East Asian Summit while China and ASEAN have begun to take steps towards reaching a binding code of conduct. However, if the South China Sea were to become a more central issue in the bilateral U.S.-China relationship, it would most likely signal greater competition between the two states in regional security.

Looking forward, the South China Sea is poised to remain an issue in the U.S.-China relationship for the medium-term, if not longer. The underlying disputes over sovereignty are unlikely to be resolved anytime soon. No claimant appears willing to moderate its claims towards seeking a final settlement and even the scope of maritime jurisdiction claims remains unclear in the case of Vietnam as well as China and Taiwan. Thus, the disputes in the South China Sea are poised to remain a feature of regional security for some time to come. The best that can be achieved would likely be an agreement to maintain the status quo of control over the land features and perhaps measures to reduce the salience of maritime jurisdiction, such as provision agreements to limit fishing in contested waters, in addition to a code of conduct. But continued efforts by China and other claimants to assert their claims are likely to produce increased periods of tension, which in turn will create demand for continued U.S. involvement in efforts to manage these tensions.

The role that the South China Sea will play in the U.S.-China relationship is difficult to predict, as it depends fundamentally on how the disputes themselves evolves over time. Nevertheless, maintaining the balance between neutrality over sovereignty and involvement efforts to manage instability in the disputes will be a critical task. If the U.S. appears to be siding with other claimants against China, not just on questions of process but also substance, then the South China Sea disputes will play a much greater role in the U.S.-China relationship and become an additional element of competition. From China's perspective, such U.S. partiality would feed the perception that the U.S. was becoming increasingly involved in questions of Chinese sovereignty, not just over Taiwan but also in the East China Sea through U.S. obligations under its defence treaty with Japan. To maintain this balance, as Jeff Bader has argued, the United States needs to maintain the importance of following international norms regarding what kind of claims are pursued and how they are pursued.

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Chapter 19
Rising Chinese Power and Territorial Assertiveness in the South China Sea: India-Vietnam Strategic Partnership as a Counterbalancing Endeavor

Srini Sitaraman

19.1 Introduction

In the summer of 2011, the Indian Naval vessel INS Airavat was hailed by the People's Republic of China Navy (PLAN) as it was heading from the Vietnamese port of Nha Trang to Hai Phong just 45 nautical miles of the Vietnamese coastline. The caller on the open radio channel reportedly warned INS Airavat "you are entering Chinese waters, move out of here."[1] INS Airavat was on a friendly port visit with Vietnam, part of a bilateral naval exchange. Tensions flared between India and China again in 2012 when the then Indian naval chief Admiral D.K Joshi, responded to reporters query and boasted that he was ready to protect "freedom of navigation in international waters" and protect Indian oil interests off the coast of Vietnam.[2] In 2011, the official mouthpiece of the ruling Chinese Communist Party (CCP) printed a blistering article declaring that the People's Liberation Army Navy (PLAN) should use "every means possible" to stop India from engaging in oil exploration projects in South China Sea.[3]

The PLAN's deployment of anti-piracy ships in the Indian Ocean region (IOR) since the last decade and the docking of a Song-class diesel-electric submarine in Sri Lanka's Colombo port in September 2014 has been an enormous source of apprehension in India, which fears encirclement by China. To counter China, the Indian navy has started regular port visits with friendly states such as Vietnam and Philippines. Also the Indian government has revived the somewhat dormant "Look

[1] Dikshit (2011).

[2] Nelson (2012).

[3] Miks (2011).

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East" or "Act East" policy under Prime Minister Narendra Modi.[4] One aspect of this newly revised "Act East" policy is to develop stronger relationships with states that have ongoing disputes with China in South China Sea; India has sought to pressure Beijing on the maritime front in an area that is rife with conflict and overlapping territorial claims. In this regard, Vietnam has emerged as a pivotal state in India's "Act East" policy and as a strategic partner in countering China's assertiveness in South China Sea.

In this chapter, I examine India's growing closeness and strategic partnership with Vietnam, which is emerging as a frontline state in India's eastward pivot, as the territorial conflict and strategic competition with the People's Republic of China is intensifying. I argue that India's overtures towards Vietnam should be understood in the context of India's territorial conflict with China and the growing crosscutting international alliance that is emerging against China's territorial expansionism and aggressiveness in South China and East China Sea. Although India does not have a direct stake in the South China Sea maritime dispute, it increasingly views China's highly assertive and domineering behavior in the South and East China Sea as a harbinger of Chinese actions in the IOR and along the highly contentious boundary that India shares with Tibet. India's naval strategy has started to emphasize "sea-control and competitive naval diplomacy" and is attempting to transition out of a "defensive maritime posture" to a more forward-looking posture.[5]

India has had a long-standing friendship with Vietnam that began when India's Prime Minister Jawaharlal Nehru met Ho Chin Minh in 1937. When India gained independence in 1947, it supported Vietnam's anti-colonial struggle against the French occupation; since then both countries have sustained an enduring friendship. However, the emerging India and Vietnam alliance directly speaks to the collective threat from a highly assertive and hegemonic People's Republic of China that possesses grand territorial designs. The China-India territorial conflict and the China-Vietnam maritime dispute in South China Sea have united India and Vietnam through a common cause. The following sections of this chapter will analyze how India's threat perceptions of China motivated by the Sino-Indian border conflict along the Indo-Tibetan border and China's growing assertiveness in the South-China Sea has led to the development of Indo-Vietnamese strategic relations. The critical question this chapter seeks to address is whether this partnership is sufficient to stop the Chinese juggernaut in South China Sea.

[4] Parameswaran (2014).

[5] Mazumdaru (2015).

19.2 Threat Perceptions of China

Delivering the Eighth Annual Air Chief Marshal LM Katre Memorial Lecture, the India's Air Force Chief argued that India should wake up to the challenge of an assertive China, which is "investing heavily in developing military power, especially aerospace power, laying claims on international waters, island territories and air space over South China Sea and East China Sea."[6] The Air Chief stressed that India's greatest security threat is from an assertive China and a highly intrusive and opportunistic Pakistan. The People's Republic of China has made strong moves into the South Asian subcontinent (as it has in other parts of the world) that includes deepening and extending its military partnership with the Himalayan states of Nepal and Bhutan, enhancing its economic and infrastructure partnership with India's eastern neighbor Bangladesh, and it is emerging as a leading supplier of military hardware to Sri Lanka and Pakistan. China and its South Asian partners view these exchanges as benign and a part of the normal relations among sovereign states, but all of this is generating enormous insecurity in New Delhi. India increasingly views China's moves into the "Indian Sphere of Influence" with a high degree of trepidation and skepticism and does not view its entry through a benign prism. Beijing's deepening military and security relationship with its smaller South Asian neighbors is described as String of Pearls—a policy of strategic encirclement of India with China friendly countries.[7]

China's success in going around India has made it highly wary of China's growing power and India has sought to confront this with its own diplomatic, economic, and military moves both inside and outside the region. India is seeking to keep up with China in the area of military spending, searching for new avenues for its growing energy demands, and it is pursuing strategic relationships with Japan, Australia, United States, Vietnam, and the Philippines. These moves point to the increasing fears of encirclement and insecurity in New Delhi over the rising Chinese power, but it also demonstrates the determination to establish India's status in the world as an emerging power, and deter the Chinese military from securing the upper hand in the sensitive Himalayan border and in the Indian Ocean region.

Beijing's accelerating military and security partnership with Pakistan, Bangladesh, Nepal, and Sri Lanka, and the overall economic and strategic competition with India has made the Sino-Indian relations highly volatile and susceptible to periodic ruptures. The Peoples' Republic has made remarkable infrastructural developments in the upper reaches of the Himalayas enabling it to bring troops to the Tibetan frontier region as rapidly as possible. The Tibet issue and the Dalai Lama's residence in Dharamshala, India since 1959, the war of 1962, armed skirmishes in 1967 and 1987, and the repeated border incursions by China has

[6] "India Wary of Assertive China, Intrusive Pakistan, IAF Chief Arup Raha says," Times of India, 29 November 2014 <http://timesofindia.indiatimes.com/india/India-wary-of-assertive-China-intrusive-Pakistan-IAF-chief-Arup-Raha-says/articleshow/45319045.cms>

[7] Khurana (2008).

required enormous diplomatic and military effort on the part of India to prevent an outbreak of military hostilities and maintain the status-quo along the Line of Actual Control. Frequent confrontations between the Indo-Tibetan border force (ITBF) and Chinese soldiers occur along the Himalayan border as the ITBF seeks to prevent gradual encroachment and occupation.

On the diplomatic front, unburdened by the end of the Cold War, India has surely moved closer to the United States in an effort to balance against China and Pakistan. While India's growing alliance with the United States has yielded some positive results, especially in the nuclear front. The United States also needs India more than ever because it is fighting its own battles with China in multiple avenues, but India has remained wary of being drawn into a broader conflict with China. Former Indian Prime Minister Manmohan Singh has maintained that India will not join any formal containment alliance aimed at China and that it would maintain its strategic autonomy. However, Prime Minister Narendra Modi's perceptions of Chinese behavior seems more closely aligned with the United States, especially regarding Chinese assertiveness in South China Sea. President Obama and Prime Minister Modi issued a joint statement during Modi's visit to the United States in September 2014. In this statement both leaders agreed on "the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea" and they called "on all parties to avoid the threat or use of force" to resolve disputes.[8]

US-India rapprochement that began to evolve after the end of the Cold War hit a hurdle when India and Pakistan tested nuclear weapons in 1998, but this setback was immediately replaced when strategic contacts were renewed following the 9/11 terror attacks. One of the outcomes of the growing U.S.-India security bond was the U.S.-India civilian nuclear deal, which was announced in July 2005 by the Bush administration and the U.S. Congress eventually approved the deal in October 2008. This was the first sign that India had moved closer to the United States, and China took note of India's growing chumminess with the United States. Nevertheless, the United States has remained somewhat unsure about bolstering democratic India as a strategic bulwark against China because of the concern that it might alienate Pakistan. Also some doubts regarding New Delhi's commitment to playing a balancing role vis-à-vis China still persists in some quarters of the American administration. India has been reluctant to pursue robust defense cooperation with the United States beyond a certain point so as not to provoke any counterforce action from the Chinese or Pakistanis and still continues to purchase large quantities (nearly 80 %) of military hardware from Russia.[9]

In March 2015, Prime Minister Modi organized a grand welcome for the Chinese Premier Xi Jinping, which included a visit to Prime Minister Modi's home state of Gujarat, aimed at strengthening bilateral trade and investment relations.

[8] The White House (2014).

[9] Harrismarch (2014).

Subsequently, Modi made a highly successful visit to China in May 2015. These reciprocal visits by Xi and Modi did not yield enormous gains in terms of addressing the festering border issue, but it certainly brought a certain level of stability and tamped down some anxieties about the Sino-Indian relationship. Since the central issue—the border dispute—remains unsettled, India continues to be highly wary and enormously distrustful of Chinese intentions. When the former Indian Prime Minister Manmohan Singh met with the Chinese Prime Minister Wen Jiabao during the 2012 BRICS Summit he is said to have reiterated that India "will not participate in any strategy aimed at containing China" or allow any "anti-China activities by exiled Tibetans."[10] It was also reported that India conveyed to China that Tibet was "as an inalienable part of Chinese territory," and that India "will not allow Tibetans to engage in anti-China activities."[11]

Despite the U.S.-India joint statement issued during Prime Minister Modi's visit to the United States in October 2014, India has resisted joining any formal coalition aimed against China.[12] Instead India has sought to engage with China at different levels; it has sought to align with China in forums such as the BRICS, G-20, and the newly created Asian Infrastructure Investment Bank (AIIB) to counter American and European pressure on trade, climate change, and intellectual property rights. Concurrently, New Delhi has also sought China's consent and positive vote to join the United Nations Security Council as a permanent member. However, the trust-gap between these two countries remains huge and wariness over Chinese power is widespread, India has increased its defense spending to counter Chinese entry into the South Asian sphere and re-energized its diplomatic relations with United States, East Asia and South East Asia, and Central Asia.[13] These moves and counter-moves have also drawn the smaller South Asian states into big-power realpolitik. Nepal, Bangladesh, Pakistan, and Sri Lanka have been able to leverage their relationship with China vis-à-vis India successfully.

19.3 Arunachal Pradesh Territorial Dispute

The Arunachal Pradesh territorial dispute could be described as the epicenter of Sino-Indian relations that captures the insecurity that China generates in India and it also demonstrates the intentions of a self-confident China. However, the growing unrest in the Tibet Autonomous Region (TAR) has led to mass protests and immolations by Buddhist monks revealing the fragility of Beijing's hold over Tibet. India and China share one of the longest land borders—4056-km (2520 miles)—between any two neighboring states, but the land border—Line of Actual

[10] Krishnan (2012a).
[11] Krishnan (2012a).
[12] White (2015).
[13] Seethi (2013).

Control—remains un-demarcated and undefined in locations where India abuts Tibet. India claims that China is occupying more than 14,000 square miles of its territory in Kashmir (Aksai Chin Plateau or the Western sector), while China is laying claim to 34,000 square miles encompassing the entire Indian state of Arunachal Pradesh.

In 2005 the Chinese began to reassert their claim over Arunachal Pradesh that lies to the east of Bhutan and west of Burma, immediately south of Tibet. India also contests China's occupation of the Aksai Chin region in Kashmir, but the real focus of the India-China border dispute more recently has been on Arunachal Pradesh and on the contested border province of Tawang that has extraordinary significance for Tibetan Buddhism because the Sixth Dalai Lama was born in Tawang. Arunachal Pradesh has come back into play because of the growing concerns in Beijing regarding the announcement of the next Dalai Lama, which Beijing badly wants to orchestrate. Beijing has been engaged in the process of delegitimization and demonization of the 14th Dalai Lama—His Holiness Tenzin Gyatso—by referring to him as a 'splittist' and "clique leader."[14] The Chinese government has denounced the Dalai Lama of using "spiritual terrorism" to push Tibet towards separatism.[15]

The 14th Dalai Lama, resides in Dharamshala, India, where the exiled Tibetan leadership is based. The Dalai Lama is viewed as the head of the group that is plotting the independence of Tibet and he is regarded as a tool of international elements that is plotting the downfall of China.[16] Beijing's inability to make the Tibet issue go away even after more than half-a-century of repression, re-settlement of Han Chinese, displacement of the locals, and the military occupation of Tibet is one of the critical undercurrents of the Sino-Indian relations. Border conflagrations between India-China not only coincided with the Indo-U.S. civilian nuclear deal, but it also corresponded with the growing dissent and internal unrest in Tibet caused by "accumulated grievances of almost six decades of cultural, religious, economic, and linguistic repression."[17]

Border incursions by the Chinese border forces grew from 140 in 2007 to 280 in 2008 according to Indian records.[18] In the first 3 months of 2011 more than 50 incidents of border incursions occurred as far as 7 km into India, and over 400 border transgressions were recorded in 2013.[19] In some instances, rocks on the Indian side were painted in red and marked with "China" to make the Chinese presence evident.[20] Other telltale markers of Chinese presence such as cigarette butts, soda cans, and food packets are routinely discovered by Indian soldiers

[14] Smith (2009).

[15] Tiezzi (2015a).

[16] Malik (2007).

[17] Text of United States House Resolution 1077, 110th, U.S. Congress, 2007–2009, http://www.govtrack.us/congress/bills/110/hres1077/text

[18] Arnoldy (2009).

[19] Shukla (2011).

[20] The Sikh Archives (2011).

during patrols.[21] In May 2013, Chinese soldiers held printed signs in red and white that said, "You've crossed the border, please go back," during a border stand-off with India in the Ladakh region of Kashmir.[22] The Indian government is seeking to keep reports of such incursions out of the media and suggesting that Chinese border incursions are not new or out of the ordinary in order to reduce domestic anxieties of an armed Chinese invasion. The former Indian Union Minister of State for Defence M.M. Pallam Raju argued that such incursions were "China's way of putting pressure of (*sic*) resolving the boundary dispute faster" and that India would not "yield an inch."[23]

The overall Chinese strategy has been described as "salami slicing," by Brahma Chellaney; make small and "incremental encroachments into India's territory that don't escalate into war but, put together, give Beijing a strategic advantage."[24] Both sides patrol up to their respective judgments of the border, leading to frequent claims of transgressions. The People's Liberation Army and the Indian counterparts patrol the border areas based on mutual perceptions and these patrols regularly face each other, but generally both patrols revert back to the previously held positions after some pushing and shoving.[25] However, Indian security analysts believe that Chinese intrusions are a carefully developed tactic to slowly alter the border in their favor.

Srikanth Kondapalli, a professor of Chinese studies at New Delhi's Jawaharlal Nehru University, argues that the Chinese strategy is to constantly alter the perceptions thereby flummoxing the enemy and changing the facts on the ground.[26] Mohan Malik describes, China's India strategy as "victory without bloodshed" in which "China's aggressive patrolling along the unsettled border keeps India's military forces tied down on multiple fronts, tests Delhi's resolve, heightens its anxiety, exposes its strategic vulnerabilities, and diverts scarce resources away from its naval modernization."[27] This strategy—identified as growing Chinese assertiveness—is not different from the methods China is pursuing in South China Sea, establishing territorial claims and aggressively patrolling its claims, and daring other parties to militarily confront Chinese assertions of sovereignty. As Dave Finkelstein of Center for Naval Analyses, a Washington based think-tank, argues that China's forceful actions are the result of "increasing capabilities in support of long-held national objectives" and that also involves responding to claims made by other parties to the dispute with unprecedented vigor.[28]

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[21] Kanwal (2012).

[22] Joshi (2013).

[23] *CNN-IBN News* "India Slams China on Sikkim Intrusion," 19 June 2008, http://ibnlive.in.com/news/india-slams-china-says-sikkim-is-a-settled-issue/67403-3.html

[24] Mandhana (2014).

[25] Press Trust of India (2013).

[26] Mandhana (2014).

[27] Malik (2013).

[28] Finkelstein (2011).

The Chinese government has deployed very similar tactics in the South China Sea where it is has literally and figuratively bulldozed the claims of all the disputants in the region and radically altered the facts on the ground through its salami-slicing tactics, such as land reclamation projects in Spratly and Paracel Islands, and aggressive naval patrolling. In announcing the establishment of Air Defense Identification Zone (ADIZ) in November 2013 over the East China Sea area, Beijing declared that it would "require flight plan, transponder, radio and logo identification for all aircraft operating in the zone."[29] The official statement further asserted that China's "Ministry of National Defense has full administrative rights over the zone."[30] The establishment of ADIZ over the East China Sea was an effort by the Chinese military to counter Japanese claims over the Senkaku/Diaoyu islands, but the impact of this move was felt throughout Asia. In May 2015, Chinese navy issued multiple warnings to a P8-A Poseidon surveillance craft that also carried a U.S. TV crew to exit the airspace over South China Sea.[31]

Four Indian naval ships were hailed by the PLAN with the message, "Welcome to the South China Sea, Foxtrot-47."[32] The Indian naval vessels were on a month long tour of East Asia in June of 2012 when they were buzzed as they were departing Philippines and heading to South Korea. The Chinese Navy frigate insisted on providing "unscheduled escort to the four Indian vessels" even though the ships were in international waters. This action was deliberately aimed to demonstrate to the transiting Indian warships that they had "entered Chinese waters."[33] The naval escort was there to ensure that the Indian naval ships did not veer from the set course and establish that the Chinese navy was actively patrolling the area.

Beijing is feverishly building artificial islands over the disputed islands over the highly contested islands in South China Sea in direct violation of international law and maritime agreements, and notwithstanding strong objections by some of the claimants. According to news reports, the American P-8 aircraft was issued as many as eight warnings that repeated—"This is the Chinese navy . . . you go!"[34] Satellite imagery revealed that China is constructing a runway on the artificial island on the Fiery Cross Reef in Spratly Islands in the South China Sea and that it has even placed mobile artillery vehicles.[35] This artificial island is estimated to be 3000 m long and between 200 and 300 m wide and large enough to accommodate a dock for warships.[36] When challenged by the United States, the foreign ministry official

[29] Erickson (2013).
[30] Erickson (2013).
[31] Lamothe (2015).
[32] Krishnan (2012b).
[33] Krishnan (2012b).
[34] McCurry (2015).
[35] Rosenbergmay (2015).
[36] Hardy and O'Connor (2014).

vociferously asserted that China is determined to "safeguard its sovereignty and territorial integrity is as hard as a rock."[37]

19.4 India-Vietnam, and the South China Sea Dispute

India feels insecure and encircled on all sides by China friendly hostile neighbors and it is unpersuaded that China's rise is peaceful. A leading Chinese strategic thinker Yan Xuetong of Tinsghua University argues that the slogan of China's peaceful rise is a dangerous strategic concept because it has the potential to lead challenger states (such as India) to believe that China will not resort to the use of force.[38] Xuetong wants China to demonstrate its willingness to use force and make such claims explicit to signal its intentions clearly to others. Although Yan Xuetong was talking in the context of using Chinese military force to thwart any moves by Taiwan towards independence, Indian strategic thinkers have taken note that this argument applies as much to India as it does to Taiwan.

Indian decision makers in New Delhi are taking the Chinese threat very seriously and they have embarked on massive military modernization program, which includes expanding the size of the Indian army, improving the technological sophistication of all three branches of the military, and of course it has also been quietly expanding its nuclear arsenal and the indigenously developed ballistic missile delivery systems. Security analysts and popular sentiments in India reflect enormous anxiety about China and its belligerent rhetoric and actions in the South China Sea, which has been described as salami slicing and changing the facts in the ocean. The latent impact of Chinese actions in the South China Sea and its implications has alarmed Indian planners sufficiently to embark on its "Act East" policy and Vietnam has emerged as the centerpiece of Indian diplomatic efforts to reach out to countries that are in conflict with China over maritime security and territorial rights.

India has no direct stake in the South China Sea dispute, with the exception of following some broad notions of keeping sea-lanes of communication open for trade and commerce. A former Indian Foreign Ministry official remarked that India's position on South China Sea (SCS) dispute was to advocate that the "channels of trade and communication should be kept open" and that India has always stood for "freedom of navigation on high seas."[39] India continues to emphasize the centrality of ASEAN, the Code of Conduct for South China Sea, and the United Nations Convention on the Law of Seas (UNCLOS).

Over the last several years India has been expanding its trade and security relationship with Vietnam and few other Southeast Asian states and inevitably

[37] Brunnstrom and Martina (2015).
[38] Shambaugh (2001).
[39] Keck (2014).

wading into the volatile South China Sea territorial dispute. The reason why India has taken greater interest in the South China Sea issue is because this fits in with its objective of widening the arc of India's "Look-East or Act East" policy that involves developing long-term strategic partnership with Southeast Asian states; especially those are who are currently being menaced by China. India has sought to broaden and deepen its engagement with ASEAN and it has placed special emphasis on its relationship with Vietnam and the Philippines in Southeast Asia, and Japan in Northeast Asia. The Indian Prime Minister even visited, South Korea and Mongolia to enhance and economic and strategic ties, which have not featured very prominently in Indian foreign policy.[40]

Prime Minister Modi gave India's much hyped "Look East" policy a makeover by dubbing it "Act East" policy at the ASEAN Summit in November 2014, in Naypyidaw, Burma. Many aspects of this "Act East" policy focused on tourism, trade, ease of doing business in India, energy cooperation, infrastructure, health, and investments.[41] But the most critical aspect of Modi's speech clearly signaled a change in India's approach to the South China Sea Dispute. In his address to the ASEAN Summit, Prime Minister Modi emphasized the critical importance of "maritime trade and passage," and the significance of "maritime security."[42] He underlined the responsibility of all states to "follow international law and norms on maritime issues."[43] With regards to the South China Sea dispute, the Prime Minister specially pointed out that for the purposes of "peace and stability in South China Sea, everyone should follow international norms and law" and adhere to the "1982 United Nations Convention on the Law of the Sea."[44] Prime Minister Modi, expressed hope that ASEAN members would be able to "successfully implement the Guidelines to the 2002 Declaration on Conduct and that the Code of Conduct on South China Sea can be concluded soon on the basis of consensus."[45]

Prime Minister Modi's statement is one of the most pointed remarks ever made by a senior Indian leader in a global forum that directly addressed heightening tensions caused by the escalating maritime disputes in South China Sea. Prime Minister Modi's remarks at the ASEAN summit, followed the joint statement made by President Obama and Prime Minister Modi in September 2014 during his visit to the United States in which they jointly "reaffirmed their shared interest in preserving regional peace and stability, which are critical to the Asia Pacific region's continued prosperity."[46] In addition, both leaders "expressed concern about rising tensions over maritime territorial disputes, and affirmed the importance of

[40] Roche (2015).

[41] Panda (2014a).

[42] Ministry of External Affairs (2014a).

[43] Ministry of External Affairs (2014a).

[44] Ministry of External Affairs (2014a).

[45] Ministry of External Affairs (2014a).

[46] The White House (2014, 2015).

safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea."[47]

The Indian Prime Minister and the American President "called on all parties to avoid the use, or threat of use, of force in advancing their claims," and "urged the concerned parties to pursue resolution of their territorial and maritime disputes through all peaceful means, in accordance with universally recognized principles of international law, including the United Nations Convention on the Law of the Sea."[48] What is even more remarkable about this U.S.-India joint statement is that the Indian Prime Minister agreed to the language drafted by the United States without contesting any part of it. The U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region released in January 2015 highlighted how regional prosperity depends on maritime security. Both India and the United States re-affirmed the "importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout, especially in the South China Sea.[49]

Admiral Harry Harris Jr., of the United States during his visit to New Delhi reiterated that "South China seas are international waters and India should be able to operate freely wherever India wants to operate."[50] Admiral Harris was pointedly referring to incident in 2011 when the Chinese Navy buzzed an Indian military vessel that was on routine visit to the Haiphong port in Vietnam. The visiting U.S. Admiral also expressed deep misgivings about how the land reclamation projects in South China Sea raised serious concerns about China's attempt to change "facts on the ground" and uncertainty over the sea lanes of communication.[51] This position is also shared by India and they are particularly worried about the uncertainty created by Chinese actions in the South China Sea.

19.5 India-Vietnam Strategic Partnership

During the Indian President's Pranab Mukerjee's visit to Vietnam in September 2014, both the Indian President and President of Vietnam Truong Tan Sang issued a joint communiqué in which both leaders "agreed that freedom of navigation in the East Sea/South China Sea should not be impeded and called the parties concerned to exercise restraint, avoid threat or use of force and resolve disputes through peaceful means in accordance with universally recognized principles of international law, including the UNCLOS-1982."[52] Presidents Sang and Mukerjee, also applauded the "collective commitment of the concerned parties to abide by and

[47] The White House (2015).
[48] The White House (2015).
[49] The White House (2015).
[50] Som (2015).
[51] Som (2015).
[52] President of India (2015).

implement the 2002 Declaration on the Conduct of Parties in the South China Sea and to work towards the adoption of a Code of Conduct in the South China Sea on the basis of consensus."[53]

The overall message of the Vietnamese and the Indian presidents focused on "cooperation in ensuring security of sea-lanes, maritime security, combating piracy and conducting search and rescue operations."[54] Ms. Sushma Swaraj, the Indian Foreign Minister, and the Vietnamese Foreign Minister Pham Binh Minh, made similar statements during her visit to Vietnam in August 2014 to promote bilateral trade relations and strengthen security relations. Joint statements made by Vietnam and India emphasized that the South China Sea maritime dispute should be resolved by the involved parties according the principles outlined in the UNCLOS.[55] Vietnam and India also emphasized the "free right of navigation and access to natural resources in that region."[56]

India-Vietnam strategic partnership hit a significant milestone when the *Joint Declaration for Strategic Partnership* in 2007 was signed. Both countries agreed given their "extensive maritime interests" to work closely to ensure "security of sea-lanes" and pledged "to strengthen cooperation in defence supplies, joint projects, training cooperation and intelligence exchanges."[57] As per this partnership, India has agreed to sell a variety of military hardware, including potentially the *Brahmos* anti-ship cruise missiles to Vietnam that was jointly developed in cooperation with Russia.[58] Although providing Vietnam with an advanced anti-ship cruise missile might be perceived as an escalating action, India and Vietnam are moving ahead with this defense exchange. India has extended an export credit line of $100 million to Vietnam to facilitate the transfer of four naval offshore patrol vessels.[59] India and Vietnam are also in the process of finalizing a deal for training pilots in the Russian built Sukhoi Su-30 MK fighter jets.[60] Over 500 Vietnamese Navy personnel were trained to operate the Russian-origin Kilo-class submarines in India; this training also includes "underwater combat training" at the Indian Navy's submarine school. Additionally, India has also supplied spare parts for the "Russian-origin Petya class warships and OSA-II class missile boats of the Vietnamese Navy."[61]

India is expected to complete an agreement to launch Vietnam's satellites and plans are afoot to establish a satellite tracking station in Ho Chi Minh City. India is also enhancing its oil and energy relations with Vietnam by exploring for oil in five

[53] President of India (2015).
[54] Mehra (2014).
[55] The Times of India (2014).
[56] Ministry of External Affairs (2014b).
[57] Embassy of Vietnam (2007).
[58] Thayer (2014a).
[59] Haidar (2014).
[60] Pandit (2014).
[61] Pandit (2014).

blocks in the South China Sea along the Vietnamese coast. The Indian Oil and Natural Gas Corporation (ONGC) Videsh Limited (OVL) has invested around US$225 million in Vietnam, despite strong attacks on this energy partnership in the official press in China. In 2012 when China strongly objected to India's drilling in Blocks 127 and 128, India tried to return Block 128 back to Vietnam, but was persuaded to continue its exploration work.[62] When the Vietnamese Prime Minister Nguyen Tan Dung visited India in October 2014, both countries enhanced their bilateral trade relations and expanded the "possibilities for deeper engagement with the regional bloc."[63] India and Vietnam also agreed to launch direct flights between Mumbai and Ho Chi Minh City, and New Delhi and Hanoi.

The entry of the Indian shipbuilding companies into the Vietnamese and Philippines market, signing offshore oil exploration contracts, and the growing military cooperation with Vietnam and Philippines has strategic implications for the high octane South China dispute. American Navy top brass also seem to share the view that China has no right to oppose Indian naval operations in the disputed South China Sea's international waters, and any country could choose to operate either at the behest of the coastal state or in the high seas. In 2014, China also protested the India-Vietnam offshore oil exploration agreement by arguing that India was drilling in Chinese territorial waters. United States, India, and several other states are concerned that China's is changing facts in the ocean by building infrastructure and laying claim to territory over which its rights remain disputed at best.

What is particularly striking is the coalescing of positions of India, Vietnam, and the United States on South China Sea. All three countries have articulated statements that strongly reflect the need to respect international maritime law, particularly the UNCLOS of 1982, and demand that all states that share South China Sea value freedom of navigation, open skies agreement, and settlement of disputes through negotiations by all the disputants. Former Secretary of State, Hillary Clinton, said in a famous speech in 2012 during the ASEAN Summit that the United States believes that the "nations of the region should work collaboratively together to resolve disputes without coercion, without intimidation, without threats and certainly without the use of force."[64] Secretary Clinton also called for a "robust code of conduct" to "calm the waters" and produce "better outcomes."[65] However, Beijing has openly and defiantly challenged all claimants and all parties with outright sovereignty claims over the entire South China Sea. At the 2010 ASEAN Regional Forum held in Hanoi, Yang Jiechi China's Foreign Minister exploded with anger when asked aksed about China's actions. The Foreign Minister argued that "China is a big country and other countries are small countries, and that's just a fact," in a pointed reference to Vietnam and other Southeast Asian states.[66]

[62] Khanh and Anh Thu (2014).
[63] Business Standard (2014a).
[64] Quinn (2012).
[65] Alford (2014).
[66] Pomfret (2010).

19.6 Confronting China's Escalatory Maritime Tactics

No Southeast Asian country with the possible exception of Vietnam and the Philippines, which tangled with China over the Scarborough Shoal incident in 2012, has directly collided with the Chinese Navy. Vietnam has borne the brunt of PLAN's confrontational tactics in the South China Sea. Incidents of People's Liberation Army Navy ramming and sinking Vietnamese boats, including fishing vessels, have become routine. In 2012 China placed a massive offshore oil-drilling rig HD-981, just 120 miles of the Vietnamese coast and well within its exclusive economic zone (EEZ). This ignited a bitter fight in the seas with ramming of boats, firing of water cannons, and shrill diplomatic denunciations.[67] The sinking of Vietnamese boats also sparked massive anti-China protests in Vietnam. Tensions escalated again in 2014 when the Chinese navy chased and rammed a Vietnamese boat sinking it.

The routine and regular ramming of the boats has been described as an "unequal war of attrition" because the Vietnamese boats are "two to four times lighter in weight."[68] The tactic of ramming boats is deliberately designed to cause so much damage that Vietnamese navy and its auxiliary forces will not have enough boats to challenge Chinese maritime supremacy or the placement of its oil drilling rigs.[69] According to one analysis, the PLAN is targeting the communication equipment of the Vietnamese vessels with water cannons to degrade the ability to coordinate with other ships.[70] Chinese Navy has employed other methods of maritime intimidation "such as unsheathing deck cannons and other weapons and aiming them at Vietnamese vessels."[71] Beijing's decision to move the offshore oil-drilling rig HD-981 so close to a highly contested area was a "premeditated move of territorial assertion" that was clearly aimed at "inciting a diplomatic crisis speaks to the planned, political nature of this move."[72] The Chinese government has embarked on a methodical strategy to "alter the status quo by pushing the Vietnamese Coast Guard and Fishery Surveillance Forces back beyond China's self-proclaimed nine-dash line."[73]

Even the American actions have fallen substantially short of what is needed to counter the tactic of salami-slicing to occupy the contested islands in South China Sea. China's maritime policy has not been directly affected by American patrols in South China Sea and the land reclamation projects have continued unabated along with overt proclamations of Chinese sovereignty. A major challenge for all the disputants in South China Sea and the United States is that "China is working so quickly that its assertion of sovereignty could become a fait accompli before anything can be done to stop it."[74]

[67] Panda (2014b).
[68] Thayer (2014b).
[69] Thayer (2014b).
[70] Bentley (2014).
[71] Thayer (2014c).
[72] Panda (2014c).
[73] Thayer (2014b).
[74] Sanger and Gladstone (2015).

One of the fundamental dilemmas faced by the United States, including the regional powers, particularly Vietnam and the Philippines face is "do they escalate an incident each time China slices the salami and risk open conflict, or stand down and allow China to augment its territorial claims."[75] The answer to this vexing question is that no action—military or diplomacy—pursued by Vietnam, Philippines, United States, and the most immediate outside powers such as Japan and India has halted the breakneck speed with which China has expanded land reclamation and fortified the little islands in South China Sea. American Secretary of Defense, Ashton B. Carter, during his visit to Asia in June 2015, said Beijing's land reclamation activities and occupation activities has escalated tensions and reduced the "prospects for diplomatic solutions" in South China Sea over which Philippines and Vietnam, and even Taiwan may have claims.[76] During the May 2015 Shangri-La Dialogue held in Singapore, U.S. Defense Secretary Ashton B. Carter delivered a strongly worded address in which he asserted that the "The United States will fly, sail and operate wherever international law allows, as U.S. forces do all over the world."[77] Secretary Carter added that converting "underwater rock into an airfield," does not give "the rights of sovereignty or permit restrictions on international air or maritime transit," and that the United States will "not be deterred from exercising these rights."[78]

Confronting China over its salami-slicing tactics in South China has been very difficult simply because no country has been able to or willing to militarily challenge the PLAN. Two countries—the United States and India—that have the ability to challenge the Chinese navy don't have a direct territorial stake the South China Sea.

Japan has restricted itself to the East China Sea to maintain its claim over the disputed Senkaku/Diaoyu islands. Australia has also adopted a more neutral tone regards this maritime dispute. United States and India are not particular keen on directly engaging the PLAN because the chances of escalation are high and the consequences of direct naval engagement would be enormously destabilizing for the region. For India, which is already fending-off the People's Liberation Army along the tense Indo-Tibet boundary, the consequence of escalation could be extremely unpredictable, especially if the Pakistanis become opportunistic and decide to press India on the Kashmir Front. On the South China Sea issue, Pakistan has fully backed the Chinese position. During the fifth China-Pakistan Strategic Dialogue, Pakistan's "Foreign Secretary Jalil Abbas Jilani reiterated his country's unwavering support on issues related to China's core interests. Jilani announced that Pakistan strongly backs "China's stance on the South China Sea issue and the Diaoyu Islands issue."[79]

[75] Choong (2015).

[76] Sanger and Gladstone (2015).

[77] Marshall (2015).

[78] Marshall (2015).

[79] China Central Television News (CCTV) (2012).

19.7 Conclusion

India's engagement has always been in the periphery of South China Sea issue. It has pursued an active strategic and economic partnership with Vietnam over the last decade. Markedly, India has pursued offshore oil drilling off the coast of Vietnam in the highly contested waters of South China Sea, in spite of Chinese concerns and threats. India and Vietnam's strategic and military partnership has rapidly expanded since the India-Vietnam Strategic Partnership Agreement was signed in 2007. The primary concern for India is how to grapple with an over-assertive China. The Sino-Indian bilateral relationship is dominated by enormous distrust and mutual anxieties notwithstanding growing trade linkages. An overwhelming security dilemma drives Indian strategic thinking as it responds to swiftly accelerating Chinese military and maritime power.

Concerns and mistrust on the Indian side are mostly driven by the Chinese army's repeated intrusions along 4000-km Himalayan boundary. The routine and often provocative incursions across the Line of Actual Control makes New Delhi extraordinarily tense because the lessons of ill-fated 1962 Sino-Indian border war hangs like dark shadow over the Indian psyche. Indian strategic elite both inside and outside the government, and popular opinion has signaled acute concerns over the power differentials between India and China. The specific concern is that China would rely on its superior military, economic, and diplomatic powers to wrest more territory by "salami slicing" and changing the facts on the ground as it is doing in South China Sea. The Indian navy is extremely alarmed by the Chinese submarine activity in the Indian Ocean region and it has started to accelerate acquisition of submarines and construction of naval vessels.[80]

Another perpetual worry for India is Pakistan, which has relied on a First Use Nuclear Doctrine and sustained asymmetric warfare to keep India preoccupied on its Western front and in Kashmir. The challenge for Indian defense planners is to preclude a two-front conflict with Pakistan and China simultaneously because of their very strong military ties. Hence, India has attempted to tread lightly in the volatile waters of South China Sea and not open up the maritime front and provoke China. However, the support seeking states—Vietnam and Philippines—have urged India to play a more active role in the South China Sea to counter Chinese maritime assertiveness. Laura Q Del Rosario, Deputy Minister for International Economic Relations of the Philippines, urged India to go East, and "not just Look East."[81] The former U.S. Secretary of Defense, Robert Gates urged India to "be a net provider of security in the Indian Ocean and beyond."[82] Singapore's Defense Minister Ng Eng Hen urged India to play larger role in South China maritime zone because "India is a big country and it's an influential country."[83] Southeast Asian

[80] Miglani and Wilkes (2014).
[81] Business Standard (2014b).
[82] Gates (2010).
[83] Chen (2015).

states are eager for India's involvement and they are hoping that it will allow them to push back against China's overarching maritime claims.

India's tepidness and unwillingness to challenge the PLAN in South China Sea along with the growing uncertainty over intended American actions has only hastened China's land reclamation and fortification in the disputed island chains. China's rapid island strengthening activities, placement of mobile artillery on the islands, sustained harassment and ramming of Vietnamese boats, and drilling in Vietnam's EEZ has become its fait accompli. Beijing is daring the United States, India, Australia, and Japan to do something about it and testing the resolve of smaller countries such as Vietnam and Philippines. Despite forceful rhetoric and vigorous postures by India and the United States, both of them have dared not to directly interfere with China's land reclamation and fortification efforts or directly aid the Vietnamese navy. The unwillingness of any of the major powers in Asia Pacific—United States, Japan, Australia, and India—to go beyond rhetoric has emboldened China. Occasional port visits by Indian naval vessels and oil exploration off the Vietnamese coast and U.S. spy patrols has not deterred China from its island occupation spree. None of the major powers in the Asia-Pacific region are eager to jeopardize bilateral relations with Beijing at the expense of coming to the aid of a smaller Southeast Asian state such as Vietnam.

The inability to deter China from hurriedly engaging in the "Salami Slicing" tactics remains a fundamental challenge to all countries that have a direct or an indirect stake in South China Sea. Although India has rapidly expanded its economic and strategic partnership with Vietnam, one is not sure whether this partnership is sufficient to deter China from asserting its sovereignty and changing the facts on the ocean. India's strategy is to arm and strengthen Vietnamese defense forces and leave the naval battles to Vietnam, but unfortunately the power asymmetries and the military balance is heavily tilted in favor of the Chinese Navy. If the Chinese are able to fly fighter jets out of the newly constructed runway in the Spratly islands, it would "provide a new, proximal platform to target Vietnam's naval-controlled shore-based artillery and missile systems." [84]

Vietnam's response has been equally complicated because of internal power struggles within the leadership in Hanoi. Prime Minister Nguyen Tan Dung has actively pursued defense cooperation with India and the United States to strengthen Vietnam's slipping position in South China Sea. But, President Truong Tan Sang and Vietnamese Communist Party Secretary Nguyen Phu Trong prefer to soothe relations with Beijing and roll back Vietnam's effort to internationalize the South China Sea issue.[85] Chinese charm offensive has split the already divided ASEAN and this has left Vietnam to fend for itself against adroit Chinese naval and political maneuvers.

[84] Crispin (2015).

[85] Tiezzi (2015b).

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Chapter 20
Keeping the Dragon at Bay: The South China Sea Dispute in Japan's Security Strategy

Alexandra Sakaki

20.1 Introduction

Although Japan is not a claimant in the South China Sea, the country's policy-makers display unprecedented alarm about tensions since the late 2000s between China and other claimants, especially the Philippines and Vietnam. The growing concern is reflected in official strategic documents, such as White Papers and the National Defense Program Guidelines, which describe Japan's defense strategy and procurement targets. While these documents made no mention or only a passing reference to the South China Sea issue until the late 2000s, recent publications clearly spell out unease about the frictions in the dispute. Since 2012, the White Paper has devoted a separate section to the South China Sea dispute.[1] Moreover, the most recent National Defense Program Guidelines published in December 2013 for the first time mention the South China Sea issue, blaming China's assertive stance for causing tensions.[2] Criticism of China was also bluntly expressed by Prime Minister Shinzo Abe, who warned in an article published shortly after his election in December 2012 that the South China Sea was becoming a "Lake Beijing" marked by Chinese dominance.[3]

There are at least two reasons for Japan's interest in the South China Sea dispute. Firstly, Japan is concerned about sea lane security and the negative economic repercussions of a possible escalation of the conflict and resulting regional instability. Most importantly, the South China Sea holds sea lanes that are vital to the

[1] Storey (2013, p. 4); Analysis of Japanese White Papers.

[2] NDPG (2013).

[3] Abe (2012).

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country's trade and energy supplies. Between 80 and 90 % of Japan's crude oil imports are transported through the South China Sea.[4] It is estimated that the cost for Japanese manufactured goods could rise by as much as 25 %, if cargo ships had to use alternative routes to cross to the Indian Ocean, for example passing through the Lombok Strait.[5] Japan also enjoys deep economic ties with Southeast Asian countries. Japan relies on the region for natural resources and for low cost manufacturing and has come to see Southeast Asia with its growing middle class as a promising consumer market for Japanese businesses facing a declining domestic market. In both 2012 and 2013, Japan was the largest source of foreign direct investment (FDI) for ASEAN countries, accounting for roughly 20 % of total investment.[6] In short, Japan's economic stakes in the region are high.

Secondly, Japan views the South China Sea dispute as intricately linked to its own territorial row with China over the Senkaku Islands (Chinese: Diaoyutai) in the East China Sea. Amid deteriorating Sino-Japanese relations and strains over the bilateral dispute particularly since 2010, Tokyo's political elites and security experts are concerned about Beijing's growing confidence and assertiveness in its foreign policy. From their perspective, China is pursuing a strategy of creeping expansionism in the maritime domain by challenging the territorial status quo of islands in both the South and East China Seas. Emboldened by the shifting international balance of power, Beijing apparently seeks to strengthen its de-facto control over disputed waters and islands through intimidation and low-level provocations (such as incursions). Moreover, China seems intent on denying access by other powers to the maritime zones enclosed by the so-called first island chain that stretches from Japan to the Philippines and Indonesia. This is evidenced by such steps as Beijing's declaration of an Air Defense Identification Zone (ADIZ) over the disputed Senkaku Islands in November 2013 and Chinese harassment of the guided missile cruiser USS Cowpens in the South China Sea in December 2013.[7] China's assertiveness risks undermining the freedom of navigation, respect for international legal norms and a rules-based order in the South China Sea, according to Japanese observers.

Discouraging Beijing's assertiveness and creeping expansionism in the South and East China Seas has thus become one of the top priorities in Japanese security policy. As this chapter shows, the US-Japan alliance continues to play a key role in Japanese strategic thinking, but it is no longer viewed as sufficient for ensuring security for Japan in the region, especially vis-à-vis China. Japan is thus seeking to play a more active role in warranting stability, paying particular attention to island disputes. Firstly, Japan is increasingly focusing its military resources and procurement plans on the defense of the Senkaku Islands. Japanese security experts believe Japan must avoid yielding to Chinese pressure over the Senkakus not only for the

[4] Kotani (2011), Son (2013, p. 219).

[5] Zhang (2011, p. 109).

[6] *ASEAN Investment Report 2013–2014*, Jakarta: ASEAN Secretariat, October 2014, p. 5.

[7] Kotani (2014, p. 35).

sake of territorial integrity, but also because a compromise would weaken the position of Southeast Asian states embroiled in territorial conflicts with China. Secondly, Japan has quietly stepped up efforts to support Southeast Asian countries in their maritime disputes with China. Japan's support comprises both diplomatic efforts (e.g., encouraging a common position by ASEAN), as well as paramilitary and military support (e.g., capacity building assistance to littoral states). The final part of the chapter provides an outlook on Japan's security role in the South China Sea dispute in view of recent security policy changes made under the Abe administration.

20.2 The Role of the US in Asian Security: Ready for Creeping Expansionism?

Tokyo's policymakers view the US-Japan alliance as an irreplaceable 'linchpin' or 'cornerstone' of Japan's as well as East Asia's security. Japan is the most important US ally in Asia, hosting about 49,000 US soldiers.[8] The country's political elites thus attach central importance to the alliance, seeking to keep Washington engaged in Asian security issues. In Tokyo's view, the presence and involvement of the US deters potential aggressors from attempting to solve regional disputes militarily. In line with this thinking, the Japanese government under Prime Minister Shinzo Abe is pressing for even closer cooperation with Washington, thereby strengthening the credibility of the alliance relationship. For example, Tokyo has called for a revision of the 1997 Guidelines for US-Japan Defense Cooperation, to be completed by mid-2015. The Guidelines define the role and tasks of the armed forces of the two countries during joint operations. As part of the revision process, Japan intends to develop strategies and plans in preparation for a potential conflict with China over the Senkaku Islands.[9] Furthermore, it intends to expand joint exercises and surveillance activities with the US.[10]

Nevertheless, while attributed great importance, the presence of the US is no longer seen as sufficient for ensuring security in East Asia. Many Japanese are skeptical about the long-term commitment of the US to the region, even though US President Barack Obama has declared his so-called 'pivot' or 'rebalance' policy of placing top foreign policy priority on the Asia-Pacific region.[11] Budget shortages and the instability in the Middle East, it is feared, could force the US to reconsider

[8] *U.S. Forces Japan Official Website*, "US Forces in Japan. Welcome", http://www.usfj.mil/Welcome.html (accessed 15 August 2014).

[9] *Asahi Shimbun*, "Japan, U.S. Agree to Revise Defense Guidelines by End of 2014", 1 October 2013, http://ajw.asahi.com/article/behind_news/politics/AJ201310010069 (accessed 25 October 2013).

[10] NDPG (2013, p. 9).

[11] Cf. Kawakami (2012).

its focus on Asia.[12] The general assumption in Tokyo is that the US is no longer willing to assume the role of global policeman after the military interventions in Afghanistan and Iraq. The fact that the US government has refrained from intervening militarily in the Ukraine conflict is regarded as evidence of this unwillingness.

Even if the US remains engaged in Asia, Japanese policymakers doubt whether China's creeping expansionism in the East and South China Sea can be fully deterred through the US alliance system. Japanese observers find confirmation for their doubts in the 2012 Scarborough Shoal incident, in which China used its superior maritime agencies to force the Philippines to withdraw its own vessels, thereby gaining effective control of the atolls.[13] In seeking to expand its control over disputed territories and maritime areas, Beijing has consciously avoided committing explicitly belligerent acts, according to Japanese security experts. Tokyo views these activities as "gray zone conflicts" on the borderline between peace and war. The Chinese approach poses significant challenges to US military strategy in Asia, which has focused mostly on deterring high-end conflicts, for example through nuclear deterrence and the operational concept of Air-Sea Battle. Washington's strategy fails to provide sufficient prescription for countering Chinese low-level provocations and creeping expansionism, however.[14] Japanese observers are particularly concerned about the South China Sea dispute, pointing to the rapidly growing capability gap between the Chinese Navy and maritime law enforcement agencies on the one hand and Southeast Asian littoral states on the other. They fear the power imbalance may lead to a strategic vacuum, which Beijing could exploit to further expand its reach into the South China Sea.[15]

20.3 Japan's Own Territorial Dispute with China

Since 2010, tensions have intensified in the Sino-Japanese territorial row over the Senkaku Islands in the East China Sea, which are controlled by Japan and claimed by China. In September 2010, the island dispute came to a head after the Japanese coast guard arrested the captain of a Chinese fishing boat that had collided with two patrol boats in the disputed waters around the islands. The Japanese government's decision in September 2012 to purchase three uninhabited islets from their private owner in order to prevent the right-wing nationalist mayor of Tokyo at the time, Shintaro Ishihara, from acquiring them, was construed by China as a provocation. Beijing deemed the purchase a violation of Chinese sovereignty and a unilateral alteration of the status quo of the islands through "nationalization". Since then

[12] Cf. Sugawara et al. (2011).
[13] Aizawa (2014, p. 119).
[14] Keck (2014).
[15] Jimbo (2012).

Chinese aircraft and vessels have been active in the island area, where they violate Japanese airspace and intrude into Japanese territorial waters. An incident in January 2013, in which according to Japanese statements a Chinese navy vessel trained fire-control radar on a Japanese destroyer, caused a great stir. Japan's defense minister at the time, Itsunori Onedera, declared that China's behavior could be considered a "threat of military force" under the United Nations Charter.[16]

In its strategy, Tokyo seeks to demonstrate that Chinese coercion will not lead to compromise. Japan is thus stepping up efforts to ensure it can maintain control of the islands, which it views as its sovereign territory. The South China Sea dispute also plays a role in Tokyo's strategic calculus: Observers believe there could be spillover effects on Southeast Asian countries if a regional great power such as Japan has to submit to China on its territorial dispute under paramilitary pressure.[17] As Prime Minister Abe observed, "If Japan were to yield [in its dispute], the South China Sea would become even more fortified."[18]

It is beyond the scope of this article to analyze the full range of measures that Japan has undertaken to strengthen its defense of the Senkaku Islands area. A rough outline with a few examples shall suffice.[19] According to Japan's most recent National Defense Program Guidelines, Japan seeks to transform the Self Defense Forces, Japan's military, into a "dynamic joint defense force" that is rapidly deployable, mobile and flexible and in which army, navy and air force closely cooperate.[20] Through a build-up of troops in Japan's southwest island province, Okinawa, and regular reconnaissance and surveillance activities in the disputed island area, Japan intends to "clearly express its resolve not to tolerate the change of the status quo by force"—an unequivocal warning to China.[21]

Japan is taking several measures to ensure it can respond more quickly in a potential future conflict over the Senkaku Islands. In December 2013, Tokyo decided to establish an amphibian unit similar to the US Marine Corps. It is to be composed of members of all three branches of the armed forces and in the case of an enemy invasion be in a position to land on islands and recapture them. The new unit is to grow to 3000 troops within 5 years and be stationed in southwest Japan, on either the Kyushu Islands or the Nansei Islands.[22] Furthermore, in April 2014 Japan began construction of a radar station and base for around 100 soldiers on Yonaguni—Japan's westernmost island, located just over 100 km from Taiwan

[16] *Japan Times*, "China's Dangerous Conduct", 8 February 2013, http://www.japantimes.co.jp/opinion/2013/02/08/editorials/chinas-dangerous-conduct/#.U9jyIxAviaM (accessed 14 April 2014).

[17] Matsuda (2014, p. 31).

[18] Abe (2012).

[19] For further details, see Sakaki (2014).

[20] NDPG (2013, p. 7 f).

[21] NDPG (2013, p. 13 f).

[22] Hayashi (2014).

and around 150 km from the Senkaku Islands.[23] Further bases are to be built in the coming years on some of the islands in the Ryukyu island chain, such as Amami Oshima, Ishigakijima and Miyakojima.[24] Finally, Japan also plans to acquire three Global Hawk reconnaissance drones in fiscal year 2015. The drones will help Japan to conduct reconnaissance and surveillance of Chinese activities in disputed areas.

Limited financial resources will nevertheless constrain Tokyo's ability to provide its armed forces with additional personnel and more modern equipment. Japan's national debt has already grown to two-and-a-half times its annual economic output. Although Japan increased its defense budget in fiscal year 2013 by 0.8 % and then again by 2.2 % in 2014, these increases came on the heels of a decade of budget cuts. Furthermore, the budget increase was partially eaten up by the rising cost of imports caused by the weak yen.[25]

20.4 Japan's Approach to the South China Sea Dispute

Japan has played an active role in Southeast Asian maritime security since the late 1990s. However, until recently, Japanese engagement was focused on non-traditional security issues, particularly combating the rise of piracy and sea robbery in the Malacca Strait in the late 1990s and early 2000s. Japan played a leading role in improving regional countries' capacity to deal with such incidents. For example, Tokyo proposed the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), finalized in 2004, to enhance maritime cooperation between littoral states in the Malacca Strait. However, with the rising tensions in the South China Sea dispute in recent years, Japan's engagement focus has markedly shifted to a more traditional security focus. Tokyo has sought to support peaceful management and diplomatic solutions to the disputes in two ways: Firstly, in terms of diplomacy, Japan frequently raises the South China Sea issue at multilateral forums and encourages ASEAN to take a common position. Secondly, in the hope of maintaining a favorable balance of power in the South China Sea, Japan is providing paramilitary and military support to states embroiled in the conflict with China, particularly the Philippines and Vietnam. The following sections examine Tokyo's policy in both areas in more detail.

[23] *Nihon Keizai Shimbun,* "Bōei shō, yonaguni jima ni kanshi shisetsu chakkō" [Ministry of Defense begins construction of surveillance station on Yonaguni], 20 April 2014.

[24] *Nihon Keizai Shimbun*, "Ritō bōei 'kūhaku' o kaishō, amami ni rikuji, senkaku no kanshi kyōka" [Elimination of the 'vacuum' in the defense of remote islands, terrestrial armed forces on the Amami island chain, reinforcing surveillance around the Senkaku Islands], 24 August 2014.

[25] Fujiwara et al. (2014).

20.4.1 Multilateral Diplomacy

Over the past few years, Japan has recurrently addressed the South China Sea issue at multilateral dialogues such as the ASEAN Regional Forum (ARF) or the East Asia Summit. In doing so, Tokyo seeks to 'internationalize' the dispute and thereby thwart Chinese attempts to pressure and coerce weak individual Southeast Asian states into accepting Beijing's claims to sovereignty. At regional meetings, Japanese policymakers have called for progress on a legally binding code of conduct between claimants and demanded respect for international rules and laws, freedom of navigation and a peaceful resolution. For example, speaking at the East Asia Summit in Myanmar in November 2014, Japanese Prime Minister Abe asserted, "We expect [countries involved in territorial disputes in the sea] to exercise self-restraint against action that could undermine peace and stability in the South China Sea."[26] He furthermore referred to 'three principles on the rule of law at sea' which he had advocated previously in a keynote address delivered at a forum for security experts during the so-called Shangri-La Dialogue in Singapore in May 2014. According to these principles, states should clarify their claims based on international law, refrain from using force or coercion in pressing claims, and seek to settle disputes peacefully. At the August 2014 ARF meeting, Foreign Minister Fumio Kishida similarly referred to these principles in calling for restraint from the countries involved in the dispute.[27]

A further noteworthy initiative was Tokyo's proposal to ASEAN in 2011 to expand the ASEAN Maritime Forum to include all member states of the East Asian Summit, such as Australia, China, India, Japan and the US in the dialogue in which government and non-government delegates participate ('track 1.5 dialogue').[28] Japan's suggestion led to the establishment of the Expanded ASEAN Maritime Forum in 2012. The Forum is viewed by Tokyo as a useful venue to address dispute resolution mechanisms and call for a maritime order based on international laws and rules. At the inaugural meeting, Japanese Deputy Foreign Minister Koji Tsuruoka thus urged peaceful talks to resolve territorial disputes, asserting "We should firmly deny any idea justifying 'might is right.'"[29]

In addition to using multilateral settings to put the South China Sea issue on the agenda, Tokyo has also sought to strengthen the cohesion and solidarity among ASEAN members in order to provide members with collective backing in their dealings with China.[30] For example, Prime Minister Yoshihiko Noda pledged ¥2 billion (approx. 15 million euros) for projects designed to boost integration within

[26] *Japan Times*, "Japan, South Korea propose three-way summit with China," 14 November, 2014, http://www.japantimes.co.jp/news/2014/11/14/national/japan-south-korea-propose-three-way-summit-china/#.VOsDI2NSmPU (accessed 23 Feb 2015).

[27] Ministry of Foreign Affairs Japan (2014).

[28] Pajon (2013).

[29] Lee-Brago (2012).

[30] Hitoshi (2014).

ASEAN.[31] At a summit meeting of the organization in December 2013, Abe also declared his support for South East Asian integration efforts and pledged a further ¥2 billion in development aid.[32]

Japan has also sought to encourage ASEAN to take a collective position regarding appropriate conduct in the South China Sea row. Tokyo was particularly disappointed with Cambodia's chairmanship of ASEAN in 2012, when ASEAN foreign ministers failed to agree on a joint communiqué, amid differences over how to deal with the territorial disputes involving China.[33] Thus, in the lead up to the December 2013 Japan-ASEAN Commemorative Summit marking 40 years of the bilateral relationship, Tokyo lobbied foreign counterparts to gain a consensus on issues pertaining to the South China Sea.[34] While the final statement did not mention China specifically, it underscored the importance of "promoting maritime security and safety, freedom of navigation, unimpeded commerce, exercise of self-restraint and resolution of disputes by peaceful means in accordance with universally recognized principles of international law [. . .]."[35] The statement also announces enhanced Japan-ASEAN cooperation for "free and safe maritime navigation and aviation."[36] The reference to free aviation is a clear reference to China's Air Defense Identification Zone set up over the Senkaku Islands in the East China Sea the previous month and Beijing's purported plan to establish a similar zone over the South China Sea. In that sense, the statement can be seen as a tactical victory for Tokyo.

Finally, Japan has emphasized the importance of international legal norms in settling the South China Sea disputes and has called on all states to clarify their claims on the basis of international law. Tokyo has also supported the Philippine decision to appeal to international arbitration concerning the legality of China's so-called 'nine-dotted line' claim over the South China Sea.[37] Incidentally, Tokyo's policymakers maintain that Japan would accept international arbitration over the Senkaku Islands dispute if China were to refer the issue to an international court. Since Japan views itself as having valid control over the Islands under international law and it is China that is seeking to challenge the status quo, Beijing would have to file the appeal.[38]

[31] Ministry of Foreign Affairs Japan (2011).

[32] Aoki (2013).

[33] Storey (2013, p. 6).

[34] *Asahi Shimbun*, "Freedom of navigation pits Japan, U.S. against China," December 26, 2013, http://ajw.asahi.com/article/behind_news/politics/AJ201312260024 (accessed February 10, 2015).

[35] Ministry of Foreign Affairs Japan (2013).

[36] Ministry of Foreign Affairs Japan (2013).

[37] Kreuzer (2014).

[38] Genba (2012).

20.4.2 Bilateral Paramilitary and Military Support

In recent years, Japan has deepened its bilateral security relations with ASEAN member states, particularly the Philippines and Vietnam, as well as with Australia and India. The impressive pace set by Tokyo in pursuing security cooperation with these countries has prompted some observers to use the term "pivot south"—analogous to the US "pivot to Asia".[39] Japan's close security cooperation with ASEAN countries is reflected in its strategic partnerships with Indonesia (since 2006), Vietnam (2009), the Philippines (2011), Thailand (2012), Cambodia (2013) and ASEAN itself (2011).[40] Furthermore, Abe visited all ten ASEAN member states in his first 11 months in office, thus demonstrating the importance he attaches to Southeast Asia. He was not only the first Japanese Prime Minister to do this, but also the first non-ASEAN leader in history to visit all ten countries in a single year.[41]

Given concerns about the growing capability gap between China and other claimants in the South China Sea dispute, Japan has expanded its capacity-building assistance to Southeast Asia in order to enhance maritime law enforcement capabilities. In fiscal year 2011, the Japanese Ministry of Defense set up a Capacity Building Assistance Office that helps other countries to develop their disaster relief and coastal waters surveillance capabilities. In order to avoid giving China the impression that a containment policy is being established, the program includes projects outside the Asia-Pacific region.[42] The budget, at ¥236 million (1.8 million euros, fiscal year 2014), is currently very limited but could be increased considerably in the coming years.[43]

Tokyo's capacity building efforts comprise both hardware (such as coast guard ships or surveillance equipment) and software (such as training and joint exercises). In terms of the former, the Abe administration announced in December 2013 and August 2014, respectively, to deliver ten patrol boats to the Philippines and six to the Vietnamese coast guards, a plan that had already been on the table before Abe became prime minister.[44] For Manila, the delivery amounts to more than a doubling of its fleet, from 9 to 19 ships.[45] Although this capability boost in the Philippines and Vietnam does little

[39] Wallace (2013).

[40] Do (2014).

[41] *Asahi Shimbun*, "With Visits to all 10 ASEAN Nations, Abe's China Containment Strategy Complete", 18 November 2013, http://ajw.asahi.com/article/behind_news/politics/AJ201311180082 (accessed 25 November 2013).

[42] Makino (2012).

[43] Heisei 25nen gyōsei jigyō rebyū shiito, nōryoku kōchiku shien jigyō, jigyō bangō 11 [Administrative assessment 2013: Assignment Number 11 on Capability Building Assistance], ed. Japan Ministry of Defense, http://www.mod.go.jp/j/approach/others/service/kanshi_koritsu/h25_res/r-sheet/0011.pdf (accessed 28 August 2014).

[44] Khanh (2014).

[45] Esplanada (2014).

to tilt the power balance in favor of Southeast Asian states, it nevertheless signals that Tokyo is not prepared to stand by listlessly and watch Beijing's aggressive behavior in the South China Sea. Japanese political scientist Yoshihide Soeya sees Tokyo's security policy as an attempt to form its own "coalition of the willing" in order to prevent China from forcefully asserting its territorial claims.[46]

In terms of the latter, Tokyo has increased joint training exercises with Southeast Asian coast guards and has held frequent exchanges between maritime authorities and defense delegations. For example, amid rising tensions in the South China Sea, Japan and Vietnam deepened their defense cooperation with the adoption of a comprehensive Memorandum of Understanding on Defense Cooperation and Exchanges in October 2011. This agreement comprises defense exchanges at all levels, naval goodwill visits, an annual defense policy dialogue at the deputy-ministerial level, cooperation in military aviation and air defense and personnel training including scholarships for defense personnel to study and train in Japan.[47] Furthermore, the two countries also opened defense attaché offices in each country. In January 2015, Japan also signed a Memorandum on Defense Cooperation and Exchanges with the Philippines, similar to the one with Vietnam.[48]

In providing its capability building assistance to Southeast Asia, Tokyo avoids indicating a clear connection to the South China Sea dispute. As a motive for cooperation, it rather emphasizes non-traditional security issues including humanitarian assistance and disaster relief. Furthermore, Japan generally labels its support as falling into the category of 'law enforcement' while avoiding terms such as 'military' or 'defense,' which clearly point to traditional security issues. Asked whether the Japanese patrol boats provided to Vietnam could be deployed in a confrontation with China over the South China Sea dispute, Prime Minister Abe gave an evasive response, asserting that the boats are provided "upon the view that they will be helpful in bringing about stability and peace in that region."[49] A more explicit connection between the South China Sea issue and Tokyo's assistance would risk antagonizing China, which is neither in Japan's nor in Southeast Asia's interest. Furthermore, a policy with a clear traditional security focus would also face stronger domestic resistance, because of prevailing anti-militarist sentiments in Japanese society that are coupled with concerns about becoming involved in foreign conflicts.

[46] Fackler (2012).

[47] Thayer (2014).

[48] Ministry of Defense Japan (2015).

[49] Baker and Schlesinger (2014).

20.5 The Impact of Recent Japanese Security Reforms

Under Prime Minister Abe, Japan has made three important reforms related to security policy, with potential consequences for Japan's role in the South China Sea dispute: (1) changing arms export rules, (2) revising the Official Development Assistance Charter, and (3) reinterpreting Article 9 of the Constitution. Overall, these changes foreshadow an even stronger role for Japan in the South China Sea, although the precise implications are not fully clear yet.

20.5.1 Arms Export Rules

On 1 April 2014, the Abe administration relaxed the rules governing arms exports. While the previous rules, originally introduced in 1967 and tightened in 1976, were tantamount to an export ban, the new rules allow arms exports if they contribute to Japan's security and fulfill certain conditions (e.g., the recipient country is not subject to UN sanctions). The main goal of the revision is to reinvigorate the indigenous Japanese defense industry, which has been hit hard by defense budget cuts over the past years. Domestic arms producers are to regain their competitiveness through exports and international collaborative projects.[50]

Reportedly, Japan hopes to find new international customers for its arms industry including in Southeast Asia.[51] Tokyo has expressed an interest in selling ships, aircraft and submarines to Indonesia, Vietnam and the Philippines.[52] Thus, it is likely that Japan will transfer more military assets and technology to Southeast Asian partners in the coming years, thereby further deepening security relations with the region as well as increasing the interoperability between Japan's military forces and those of its partners. Nevertheless, the Japanese public is likely to serve as a break on potential arms export deals. In surveys, only 17 % favor the government's relaxation of export rules, with 77 % opposed.[53]

[50] *Yomiuri Shimbun*, "Sōbi okusai kaihatsu o suishin, bōeishō soan 'kihon wa kokusan' minaoshi" [Promoting the international development of equipment—the Ministry of Defense plans to revise the 'Basic principle of domestic production'], 4 April 2014.

[51] *Nikkei Asian Review*, "Japan Hopes to Sell Asean on Defense Tech", 22 August 2014, http://asia.nikkei.com/Politics-Economy/Policy-Politics/Japan-hopes-to-sell-Asean-on-defense-tech (accessed 24 August 2014).

[52] Wallace (2013, p. 490).

[53] *Asahi Shimbun*, "Shūdanteki jieiken, kōshi yōnin ni hantai 63%, sakunen yori zōka" [63% against allowing the exercise of the right of collective self-defense, up from previous year], 7 April 2014.

20.5.2 New Development Cooperation Charter

On February 10, 2015, the Abe cabinet approved a new 'Development Cooperation Charter' as a replacement of the 2002 Official Development Assistance Charter in guiding Japan's aid policy for developing nations.[54] The new Charter stipulates for the first time that Japan can provide assistance to foreign military forces, although only for 'nonmilitary purposes' such as disaster relief. Critics argue, however, that it is impossible to distinguish military from non-military activities and that the government has not established explicit standards for decision-making.[55] Moreover, even if Japan's initial assistance serves nonmilitary purposes, it is unclear how Tokyo can prevent the aid from being diverted to military purposes subsequently.[56]

According to news reports, Southeast Asia will be a top priority for Japan's development aid in the coming years.[57] The new charter states that Japan will provide assistance to maintain maritime safety and enhance maritime capacity building, among other issues.[58] It thus seems likely that Japan will pursue capability building assistance to Southeast Asia more extensively under the new Charter. For example, Tokyo will be able to justify aid for 'non-combat' surveillance and reconnaissance assets for Southeast Asian militaries, including radar systems, communication systems and maritime surveillance aircraft.

20.5.3 Article 9 Reinterpretation

Japan's long-standing interpretation of Article 9 of its Constitution—the so-called 'peace clause'—has been that the country may exercise the right to individual self-defense, i.e., use military force to repel an attack on Japan. However, it was not permitted to support any other country that had been attacked (collective self-defense). On 1 July 2014, after a fierce debate, the Abe government reached a cabinet decision on reinterpreting Article 9. Under the agreement, Tokyo can take military action within the framework of collective self-defense if armed aggression is directed against "a country with close ties to Japan" resulting in a threat to Japan's existence and the right of its citizens to life, freedom and the pursuit of

[54] *Asahi Shimbun*, "Editorial: 'Development cooperation charter' could transform Japan's foreign policy," February 11, 2015, http://ajw.asahi.com/article/views/editorial/AJ201502110030 (accessed February 11, 2015).

[55] Hiroshima (2014).

[56] Kameda (2015).

[57] Reynolds and Takahashi (2015).

[58] *Asahi Shimbun*, "Editorial: 'Development cooperation charter' could transform Japan's foreign policy," 11 February 2015, http://ajw.asahi.com/article/views/editorial/AJ201502110030 (accessed 11 February 2015).

happiness. In this interpretation, collective self-defense is thus permissible if a concrete threat exists for Japan and its citizens.[59]

The main goal of the constitutional reinterpretation is to facilitate closer cooperation with Japan's ally, the US, as well as enabling greater contributions to multilateral missions such as UN peacekeeping. However, the vaguely worded phrase 'country with close ties to Japan' has stirred debates about whether Japan might exercise the right to collective self-defense bilaterally vis-à-vis a state other than the US. While some politicians advocate supporting Southeast Asian countries like the Philippines in their disputes with China,[60] others strictly oppose such operations.[61] Asked whether Japan might exercise collective self-defense vis-à-vis Southeast Asian states, Prime Minister Abe himself has not given a clear answer. He seems to be in favor though, asserting that the South China Sea issue "is not somebody else's problem" and that "Japan will not tolerate any attempt to forcibly change the status quo."[62]

Despite such debates, Japan is unlikely to provide comprehensive security guarantees or offer military support to Southeast Asian states in an open conflict with China for the foreseeable future. Both foreign and domestic opposition will thwart attempts to expand Japan's military role in this direction. Most Japanese continue to reject the use of military force. In surveys, over half the population is opposed to exercising the right to collective self-defense in cases of emergency, while only about a third is in favor.[63] Nevertheless, joint maritime patrols and surveillance activities between Japan and Southeast Asian states seem to be in the realm of possibility for the future. In early February 2015, the US Commander of the US Seventh Fleet Robert Thomas suggested that Japan conduct surveillance flights in the South China Sea to help keep tabs on Chinese vessels in the disputed areas. Japanese Defense Minister Gen Nakatani vaguely responded that Tokyo

[59] Embassy of Japan in Germany, *Zum Kabinettsbeschluss zu Maßnahmen für die Gesetzgebung über die Sicherheit vom 1.7.2014* [On the Cabinet decision of 1 July 2014 regarding security legislation measures], http://www.de.emb-japan.go.jp/aktuelles/140701 kabinettsbeschluss.html (accessed 4 July 2014). Two further criteria for exercising the right of collective self-defense are (1) that there are no other effective means available to respond to an attack, and (2) that the use of weapons be restricted to an absolute minimum. Comparable criteria also apply to the exercise of the right of individual self-defense.

[60] *Nihon Keizai Shimbun,* "Shūdanteki jieiken—Kōshi yōken, shūsei isogu, jimin, kōmei ni hairyo, shūnai gōi no kanōsei" [Right to collective self-defense, criteria for application. LDP, in making hasty improvements, shows consideration for Komei Party, agreement possible by the end of this week], 22 June 2014.

[61] *Asahi Shimbun*, "Abe Offers 1st Explanation in Diet, But Many Not Buying It", 15 July 2014, http://ajw.asahi.com/article/behind_news/politics/AJ201407150054 (accessed 16 July 2014).

[62] Prime Minister's Office (2014).

[63] *Nihon Keizai Shimbun,* "Shūdanteki jieiken—Kōshi yōnin kettei, hantai ga 54%, kyōdōtsūshin yoron chōsa" [Opinion poll conducted by Kyodo news agency: 54% against decision to allow the exercise of the right of collective self-defense], 3 July 2014.

"will need to consider its response to the South China Sea situation," signaling a potential willingness to deploy patrol aircraft.[64]

20.6 Conclusion

China's creeping expansionism in the East and South China Seas has emerged as one of the key security concerns for Japanese policymakers since around the late 2000s. Tokyo attaches importance to the alliance relationship with Washington, as the US presence in Asia is believed to have a stabilizing effect. Closer US-Japan cooperation is thus aimed at enhancing the deterrence function of the alliance. Nevertheless, the US presence is no longer viewed as sufficient for ensuring security vis-à-vis China, particularly in the disputes about maritime boundaries and islands. As a consequence, Tokyo has played a more active role in discouraging Chinese intimidation tactics in both its own island dispute and the South China Sea. In its own dispute, Japan has shifted military assets to the area around the Senkaku Islands and improved surveillance and response capabilities. In the South China Sea, Japan has pursued a combination of diplomatic initiatives (such as 'internationalizing' the dispute at multilateral forums) and paramilitary and military capability building assistance (such as providing training and patrol boats). Recent Japanese security policy reforms, particularly the relaxation of the weapons export ban, open the door for an even more active role in Southeast Asian security. As Japan expands its security contributions, a key challenge for Tokyo will be to avoid antagonizing China and thereby intensifying geopolitical competition and rivalry.

Japan's security role will nevertheless remain circumscribed by a number of factors. The country's mushrooming national debt places budgetary constraints on all endeavors, including procurement of new equipment and financial assistance to Southeast Asian states. Furthermore, Tokyo faces considerable domestic opposition as well as some resistance from Northeast Asia to an expansion of its security role, particularly in the military field. Finally, many Southeast Asian countries are cautious not to give the impression that they are ganging up with Japan against China. Imponderables notwithstanding, Japan's security involvement in the South China Sea is thus likely to grow only in incremental steps over the coming years.

[64] *Mainichi Shimbun*, "Nakatani Bōeishō: Minami shina kai keikai kanshi 'kongo no kadai'" [Defense Minister Nakatani: Early warning and monitoring in South China Sea is 'future topic', 3.2.2015, http://mainichi.jp/select/news/20150204k0000m010045000c.html (accessed February 10, 2015).

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Chapter 21
Australia, India and Japan: The Three 'Worried Outsiders' and Their Strategies Towards the South China Sea

Antonio Henrique Lucena Silva and Wellington Dantas de Amorim

21.1 Introduction

The South China Sea (SCS) has become one of the flash points in international security. With the end of the Cold War, robust economic growth has given China much more political (and military) clout. With it, her claims regarding the SCS reinforced what had already been shown in Chiang Kai-Shek's 1947 map, that is, almost all of the region.[1] Taiwan, Malaysia, Philippines, Vietnam and Brunei have their own (conflicting) interests as to the region.[2]

China has kept the pressure on its claims,[3] with many incidents displaying hard power. Those Chinese movements are allegedly based on three assumptions (Schreer 2014):

[1] The original map showed a 11-dot line. After the CCP's victory in the Civil War, Chou Enlai amended the map, deleting the portion which included the Gulf of Tonkin and turning it into a 9-dot line, which is currently used for claims either from China or Taiwan (U.S. Army Command and General Staff College 2014, pp. 1–2). It is important to stress that both China or Taiwan consider the whole SCS as territorial waters, not Economic Exclusive Zone. This fact has a great military impact, as it shall be later analyzed.

[2] In the case of Brunei, the claim is not over islands, but on the Economic Exclusive Zone (EEZ) (Djalal 2014, pp. 70–71).

[3] China would also be using what analysts call "lawfare", that is, "enactment of domestic laws as the basis for making claims in international law and employing 'bogus' maps to justify China's actions" (Garnaut 2014).

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a) Regional opposition remains disjointed;
b) United States find it difficult to establish themselves as a clear defender of the status quo in the SCS, if compared to the case of the Senkaku/Diaoyu Islands (which are covered by the US-Japan security treaty);
c) External players as Japan, India and Australia do not support the smaller countries in the dispute

Nevertheless, contrary to the third assumption, Japan, Australia and India have started to strongly position themselves against China's intents, mentioning that peaceful settlement and the assurance of free sea-lanes should be looked for by the litigators. Although labeled the 'three worried outsiders' (since they are distant in geographical terms from the South China Sea) their regional interests are affected by the SCS. Therefore, some relevant questions should be highlighted: what have been their positions regarding the issue? Are they coordinated? If so, to what extent, and how?

This chapter will analyze the three countries' stance on the South China Sea through the lenses of three IR theoretical approaches: Democratic Peace, Balance of Threats and Regional Security Complex. In the first part, a brief review of those approaches is given. In the second part, an overview of the three countries' foreign policies is shown, highlighting their position regarding South China Sea. And finally, the three theories are applied to the subject, with RSC being the most successful in explaining the countries' present stance on the issue.

21.2 The Theoretical Approaches

21.2.1 Democratic Peace Theory (DPT)

The principal argument of the democratic peace thesis is that liberal states do not fight wars against other liberal states. The idea started with philosopher Immanuel Kant who believed that the only justifiable form of government was a republican one by constitutional rule where the monarchs ruled according to the law (Navari 2013).[4]

Kant argued that republican states are 'peace producers' because they are more inclined to peaceful behaviour than other sorts of states (despotic ones). The author attributed this to habits of consultation, which are common to republics: a citizenry, which had to be consulted, would not endorse war. Kant also argued that the legal foundation of the republican states, based on law, was less likely to endorse lawless behaviour in international relations. According to the critical argument made in his Perpetual Peace, the Prussian philosopher noted in his essay that international

[4] Therefore, the Kantian Republic is defined not by a specific form of government (if it's ruled by a monarch or an elected person or group of people) but by its binding (consensual) constitutional structure.

relations, its lawless condition, unstable power balances and the ever-present possibility of war endangered the republican state and make it difficult to maintain a liberal political order.

Another part of Kant's argument was a critique of the concept of balance of power. He refused the argument that the balance of power was a peacekeeper. The idea of conscious balancing was fallacious, since the desire of every state or of its ruler would be to achieve a condition of perpetual peace by conquering the whole world.

Kantian peace program consisted of two parts. First, preliminary articles would be needed to build a more peaceful international environment. To make it possible, these "preconditions" included the abolition of standing armies, non-interference in the affairs of other states, the outlawing of espionage, incitement to treason and assassination as instruments of diplomacy, and an end to imperial ventures (Navari 2013, p. 31). Spreading republican constitutions was a means to generalize peace, since the striving for peace was a natural orientation of the republican state.

Based on this Kantian ideal, Michael Doyle (1983) argued that there was a different attitude in liberal practice towards other liberal societies and liberal practice towards non-liberal societies. So, constitutionally liberal states do not enter in war with other liberal states. Doyle used the Correlates of War Project (COW) data to analyze wars since 1816. He concluded that no liberal states had fought wars against other liberal states, and that in the two stances in which it seemed that liberal states had fought against each other, liberalism had only recently been established. The Kantian "precondition" had been endorsed by Doyle, namely republican constitutions, collective security arrangements and civic hospitality, to which the author added another one: free trade.

Despite often being amply armed—frequently with significant offensive military forces that might be expected to produce insecurity on others—democracies display no signs of security dilemma in their relations, and coexist peacefully even when they have serious disagreements. Technically, democracies constitute a pluralistic security community: even with no superior ruling authority, these states would have no fear of being attacked by each other (Morgan 2010). Liberals and proponents of democratic peace theory believe that the spread of democracy to achieve security is the major way to form a universalistic security community. This is referred to as the monadic variant (democracies do not attack each other). The other variant, called dyadic, argued that democracies may be even more robust in the use of force than non-democracies, partially due to the ideological nature of democratic wars and partially due to the fact that liberal democracies are generally strong states with a large wealth base (Navari 2013).

Other authors are skeptical about this theory. Newborn democracies often display aggressive, expansionist behaviour and national pugnacity. And analysts agree that democracies readily go to war with non-democracies, so it cannot be their pacifism that creates the democratic peace (Morgan 2010). Chris Brown (1992) has analyzed Doyle's work and stated that liberal countries faced determined enmity from non-liberal countries. The war against enemies of liberalism has distorted the historical record. It may also be possible that, in an anarchical society, liberal states

make more reliable allies, so they do not fight with other because they ally with another.

A harsh critique of the democratic peace theory came from Brock et al. (2006). The authors argue that democracies are not more peaceful than other forms of government. They ask: Why, for example, have democracies like the United Kingdom, France and the United States been involved rather frequently in unilateral military actions during the past 50 years, while Finland and Austria have not? The authors have pointed to "the dark side of democratic peace". According to them, democracies do fight wars against non-democracies, and they do initiate such wars and other militarized conflicts from time to time.

21.2.2 Balance of Threat (BOT)

Realism considers the concept of balance of power one of its cornerstones. Kenneth Waltz (1979, p. 117) fittingly argued: "If there is any distinctively political theory of international politics, balance-of-power theory it is." But even Waltz admits that there is no consensus about the meaning of the concept. Stephen Walt's balance of threat concept (1987)[5] is a theoretical improvement over balance of power, since it enlarges the latter, assuming that countries react not only to (perceived) asymmetries in power (measured by whichever variables deemed appropriate), but to threats: Countries react not only to power itself, but to perceived dangers.[6]

Walt considers that countries can react to threats by balancing or bandwagoning. He defines balancing as "allying with others against the prevailing threat" (ibidem, p. 17). Instead of bandwagoning (aligning with the source of danger), states "join alliances to protect themselves from states or coalitions whose superior resources pose a threat" (ibid., p. 18). According to him, there are four basic sources of threat: (a) Aggregate power; (b) Geographic proximity; (c) Offensive power; (d) Aggressive intentions (ibid., pp. 22–26).

Measuring aggregate power has always been a difficult task, since there are several sources of power. Besides that, some are more fungible than others (Little 2007, p. 136, n. 7). For example, Morgenthau (1965, pp. 149–163) gives a lengthy account of assessment errors regarding National Power. Usually, factors as population, economy, territory, industrial and military capability, as well as technological level, all point to the sustainability of the influence of a country in international terms. And, as a consequence, that influence can be seen as a perceived threat by its neighbors or even distant rivals.[7] Geographic proximity is an important issue due to

[5] For a review about BOT, see Bock and Henneberg (2013, pp. 3–5).

[6] Walt concludes that the balance of threat framework subsumes balance of power theory, "since aggregate power is an important component of threat, but not the only one." (1987, pp. 264–265).

[7] The simultaneous growth in military, economic and political sphere by a country immediately activates the feeling of threat in neighboring countries, according to Luttwak (2012, p. 5).

the fact that "the ability to project power declines with distance" (Walt 1987, pp. 23–24). Therefore, nearby states are usually taken more seriously as a threat than distant ones. Walt points out that "regional states are more sensitive to threats from other regional powers." (ibid., p. 158). Following this, bordering states (and the porosity of the respective borders) is a pressing issue in any country's foreign policy.[8] Nevertheless, it should be pointed out that any (perceived) menace to public or common goods which are deemed dear to a particular nation, can be labeled as a paramount threat and may equal geographic proximity.[9] Offensive power is "the ability to threaten the sovereignty or territorial integrity of another state at an acceptable cost" (ibid., p. 24). Walt mentions that this threat factor usually motivates a balancing strategy. But, if the menacing state is too close and much more powerful, bandwagoning may be chosen. Aggressive intentions are the final kind of threat and may be determinant in establishing a balancing process, since bandwagoning with states which are extremely aggressive doesn't guarantee a satisfactory outcome.

Balance of threat was successful in explaining some puzzling situations. For example, in the Cold War, the capitalist side was much stronger than the communist bloc (moreover already divided between the USSR and the PRC). Standard balance of power theory pointed out in this case that the weaker side should implement a balancing strategy towards facing the stronger one. In fact, however, the capitalist side kept growing stronger, with many countries joining it. Walt explained this by arguing that even though it was stronger, the US coalition was much less menacing than USSR's, that is, the threat posed by the latter was greater than the existent power asymmetry.

Critics stress some potential flaws in the balance of threat concept. First, though not explicitly, it basically emphasizes a state-centric approach. Therefore, threats that come from non-state actors (like Al Qaeda) are difficult to fit into the theoretical concept. Secondly, as Schweller (1998) has pointed out, the behavior of states can have a very strong internal foundation, that is, its political actions (as balancing) can have inward reasons, as is the case of the so-called revisionist states (like Nazi Germany), when there was not any sensible external threat. Third, the choice to the threatened states may not be reduced to only balancing or bandwagoning; for example, Mearsheimer (2001) adds that buckpassing is often much more effective than those two options. Schweller (2006) stresses that in many cases, due to an insufficient internal political cohesion and/or inefficient intelligence mechanisms, threatened countries underbalance, that is, they do not give an adequate answer to the menacing power and are completely overwhelmed by the latter. Fourth, Bock and Henneberg (2013, p. 20) assume "that neither aggregate power, nor geographic

[8] As an example, the fact of China having 14 neighboring states adds complexity layers to its foreign policy.

[9] Although it will not be applied in our analysis, the use of nuclear weapons with intercontinental range could diminish the impact of geographic proximity in the BOT approach. But it also should be stressed that, even in the case of nuclear weapons, menacing countries which are nearer (bordering, possessing foreign military bases and/or other mobile transports as submarines, carriers or bombers) can ignite much more threat than others which are farther away.

proximity, nor offensive power is decisive for constituting a threat (. . .) It is not the availability of weapons but rather the intent that constitutes a threat."[10]

Nevertheless, balance of threat theory is effective in explaining many of the international political movements. For example, Tomashevsky (2008), while analyzing data covering all European dyads between 1814 and 1994, concluded that the theory showed a good performance.[11] The same result was shown by Amorim & Lucena Silva (2014), while applying BOT for explaining Japan and India's joint reaction to China's rise.

21.2.3 Regional Security Complex (RSC)

According to Buzan and Wæver (2003, p. 45), Regional Security Complexes "are defined by durable patterns of amity and enmity taking the form of subglobal, geographically coherent patterns of security interdependence. [. . .] The formation of the RSCs derives from the interplay between, on the one hand, the anarchic structure and its balance-of-power consequences, and on the other the pressure of local geographic proximity."

Therefore, Regional Security Complex Theory (RSCT) may be labeled as a hybrid theory, due to the presence of realist assumptions (anarchic international environment, balance of power influence) as well as liberal (the interdependence between global and local affairs) and constructivist (the social construction of amity and enmity) ones. The authors are aware of this and argue that "this makes the theory interoperable with most mainstream realist, and much liberal-based, thinking about the international system. In another sense, the theory has constructivist roots, because the formation and operation of the RSCs hinge on patterns of amity and enmity among the units in the system" (ibidem, p. 40).

Buzan and Wæver's approach stresses the differences between the system level interplay of the great powers and the subsystem level interplay. According to them, most of the security analyses overemphasize the former influence; in fact, "RSCT asserts that the regional level will always be operative, and **sometimes** dominant."[12] (2003, p. 52, emphasis ours). Nevertheless, they also highlight the behavior (and influence of great powers) in the concept of penetration, which "occurs when outside powers make security alignments with states within an RSC" (ibidem, p. 46).

According to the theory, there are four levels of analysis (2003, p. 51):

[10] But, it could be argued, what is the extent of a threat not backed by any power source?

[11] *Cum grano salis*, it should be noted that in this period of time the revisionist states were episodic (basically Germany while forming its empire and Nazi Germany, with Fascist Italy as a distant third example). As we have seen, strong revisionist states do not need external threats to act.

[12] And that was even truer during the Cold War. Buzan and Wæver's approach can be seen as a methodological effort to overcome that issue and pave the way to better analyze security in the post-Cold War period.

a) Domestically generated vulnerabilities—is the state strong or weak?[13]
b) State-to-state relations
c) Region's interaction with neighboring regions
d) Role of global powers in the region.

It is also pointed that the essential structure of an Regional Security Complex (RSC) is made up of four variables:

a) Boundary (differentiation from other RSCs)
b) Anarchic structure (no RSC has only one unit)
c) Polarity (distribution of power)
d) Social construction (patterns of amity and enmity) (ibidem, p. 53)

As to the evolution patterns, there are three possible evolution patterns for a RSC (2003, p. 53):

a) Maintenance of the status quo
b) Internal transformation—changes occur inside its outer boundaries
c) External transformation—the outer boundaries expand or contract

There are two basic types for a RSC:

a) Standard RSC—Broadly Westphalian, it can be unipolar or multipolar (one or more power)
b) Centered RSC—Presence of a great power (ex: Russia in Central Asia), a superpower (USA in Americas) or an institution-integrated process (EU)

The increase in number of great powers gives rise to two intermediate types:

a) Great Power Regional Security Complex (GPRSC)—More than one great power
b) Supercomplex—Spillover effects from the presence of great powers, weakens RSC borders and in fact pushes them to merger. "A supercomplex is understood as a set of RSCs within which the presence of one or more great powers generates relatively high and consistent levels of interregional security dynamics." (Buzan 2012, p. 2). In fact, the third mentioned level of analysis is replaced by superregional interaction. The most striking example would be what has happened in Asia, where three Cold War RSCs (Northeast Asia, South Asian and Southeast Asia) now seem more and more as a Supercomplex (Buzan and Wæver 2003, pp. xxv–xxvi; Buzan 2012), adding Australia to it.

Some critics have pointed out that although the theory has merits, it also encompasses some flaws. According to Guicherit (2013, p. 17), "it fails to properly consider the impacts of globalization. Indeed, while RSCT recognizes the impact of globalization, it suggests that such impacts depend on the securitization of globalization issues by the elites", while there are many phenomena (terrorist threats, international criminal syndicates, among others) which wouldn't be fully explained

[13] For an analysis of this typology, see Buzan and Wæver (2003, p. 22)

with an approach that gives so much emphasis to geographical proximity. Another critique deals with RSCT state-centric emphasis, since many security issues have non-state actors as protagonists (ibidem, p. 29).[14]

21.3 Foreign Policies

21.3.1 India

According to Salma Bava (2010), after independence in 1947 India rejected the use of force in international relations as a means to solve disputes. The Nehruvian era (1947–1964) saw the adoption of a foreign policy based on the idea of non-alignment as a middle ground course between United States and Soviet Union. India's first prime-minister believed that the resources would be better spent on domestic economic development rather than in big defense budgets, and it would also be important not to militarize the society (ibidem). This period was characterized by a strong affirmation of values, when India supported decolonization all over Africa, Asia and Latin America and also the promotion of multilateralism in diplomacy.

However, the country faced a "reality shock" due to the Himalayan War in 1962. Considered a humiliating defeat, India doubled its defense spending immediately after the war (Hoyt 2007). During Indira Gandhi's administration, the state faced a growing turbulence in its region. Problems in East Pakistan and the strategic alliance between China and America forced India to rethink and analyze its own strategic approach towards several surrounding threats (Bava 2010). Because of the changing geopolitics, India eschewed the non-aligned policy to a realistic alliance with the Soviet Union. It was believed to be important to have a superpower as an ally and it certainly proved to be indispensable in the Indo-Pakistani war of 1971. Moscow's position as New Delhi strategic partner and defense supplier served Indian security needs and USSR became a reliable partner in international relations for India (ibid.).

Chris Ogden (2011) states that assuring India's regional hegemony was a key step to achieve Great Power status and was primarily carried out by denying external powers any influence in South Asia. This policy is referred as Indira/Rajiv Doctrine, prime ministers in the 1960, 1970 and 1980s. Indian military power was used as a deterrent and as an interventionist force in the region, with India engaging in bilateral peace-keeping operations in Sri Lanka (1971 and 1987–1990),

[14] This state-centric feature in RSCT is also criticized by Bill McSweeney (1999, pp. 54–55). Another criticism, which does need further research, is that RSCT is rooted in theories which do not share the same ontological background (i.e., realism and constructivism), leading to some methodological dilemmas in terms of epistemology. For a (broad) methodological discussion about these dilemmas see Furlong and Marsh (2010).

in the Maldives (1988), and in the economic blockade of Nepal (1989–1990). Due to energy needs and deeper economic relations, Indian policy towards the region changed in the 1990s, mainly because of Prime Minister Gujral's approach, who gave up reciprocity in bilateral affairs. Regarded as necessary to counter the influence of states such as Pakistan, China and the US, the new Gurjal Doctrine based regional relations upon good will and benevolence (ibidem).

It is also important to note India's aspirations and ingrained beliefs of her natural supremacy in the Indian Ocean Region (IOR). In the more recent history, British, Dutch and French colonialists have all invaded India from the sea. Therefore, India insisted that the Great Powers leave the Indian Ocean, and in the 1960s and 1970s endeavored to declare the IOR a Zone of Peace. After this approach failed, India decided to join the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) in 1995 (ibid., p. 8). By the 1990s the security importance of IOR was underscored as India became the biggest consumer of natural gas from the Gulf and South-East Asia. Rising strategic competition with Pakistan and China increased the importance of the region and India started to heavily invest in her navy in the Indian Ocean (Hiranandani 2002; Ogden 2011, p. 8).

The end of the Cold War represented another shift in India's foreign policy because it changed its approach towards the Soviet Union, since its foundations were undermined and a new unipolar era began. Given the transformation of international politics, India came to respond to the changing international order and the increasing diffusion of threats in a movement called a "strategically engaged foreign policy" (Bava 2010, p. 119). For Ayoob (2000), India is a pivotal state in South Asia. On the other hand, while India has viewed South Asia as an area where its influence should prevail as a security manager, this assertive is contested by Pakistan. Biggest changes in the Indian foreign policy have begun in the post-1998 when the states international relations improved across the world, especially with the United States. Leaders of both countries argued that India and USA were "natural allies", a phrase used by Prime Minister Vajpayee in New York in 1998. The relations with the United States began to improve with the acceptance of India's international standing, and closer ties were stimulated, culminating with both countries signing a bilateral Defence Agreement in 2005 (Ganguly et al. 2006).

India has increased its military links, especially the "strategic partnerships", with many major powers. These steps have helped to expand and strengthen relations to other great powers. Indian policy-makers broadened the scope of their country's security horizon, with officials outlining an extended neighborhood policy towards Central Asia, South-East Asia and Africa as well as to East and Australasia (particularly via the Look East 2 strategy), West Asia (with specific policies towards Israel and the Arab states) and towards the European Union. A rising presence in the Indian Ocean Rim can also be seen (Ogden 2011).

As mentioned above, the Himalayan War was a "reality shock" for India. The defeat at the hands of the Chinese in 1962 has affected the elite perceptions of China and they are unlikely to change in the future (Pant 2011). China is viewed by India as a growing, aggressive nationalistic power, the ambitions which are likely to be deleterious for Indian interests (ibidem, p. 240). The rise of China is a major factor

in the evolution of Indo-Japanese ties, as is the USA's attempt to build India into a major balancer in the region. Both India and Japan are well aware of China open attempts to hamper their rise. It is clearly reflected in China's opposition to the expansion of the UN Security Council (UNSC) to include India and Japan as permanent members. Beijing's status as a permanent member of the UNSC and as a nuclear weapon state is something that it would be loathe to share with any other state in Asia (idem). New Delhi's "Look East" policy of active engagement with ASEAN and East Asia remains largely predicated upon Japanese support, whilst generating Chinese ambivalence. India's participation in the East Asia Summit was facilitated by Japan, but initially resisted by China. While China resisted the entrance of India, Australia and New Zealand in ASEAN, Japan strongly backed the entry of all three nations (Pant 2011, pp. 240–241).

India is determined to create its own defence-industrial base. The Indian Navy not only formally embraced this concept as stated in the Maritime Military Strategy, but emphasized that it will remain committed to the concept of self-reliance and indigenization (Indian Navy 2004). Having been denied military-relevant technology during the British rule and subsequently during the Cold War, New Delhi would ideally like to meet all of its defense needs through domestic production. Plans in 2010 for India to induct 32 new ships into its Navy over the next decade envisaged three being built in Russia, two in Italy, and the remaining 27 in India (Holmes 2011, p. 163). The Indian Government insists on technology transfer clauses in many foreign defense contracts, and demands licensed production in India.

Currently, the Indian Navy ranks fifth in size among world fleets, well ahead of Pakistan but shy of China (Holmes 2011). The Asian-Pacific countries seek to enhance military capabilities on the maritime domain, due to vulnerabilities to attacks from the sea as well as concerns over natural resources, territorial claims and freedom of navigation (IISS 2015). The main efforts were to strengthen sea-denial capacity, and complicating potential adversaries to naval deployments and operations. China is growing maritime and air warfare capabilities to safeguard its littoral waters. This is to be achieved, according to Western defence officials, by establishing an effective 'anti-access/area-denial' capacity that benefits from China's development of advanced anti-ship cruise missiles and over the horizon targeting (IISS 2015, p. 207). Prime Minister Modi gives a growing importance to ships. The first visit outside Delhi was to analyze the latest aircraft carrier, INS Vikramaditya (idem, p. 218). Other movements are for platform-modernization as India sees a modernized and capable navy as an important means to support its regional strategic priorities.

21.3.2 Position Regarding South China Sea

In August 2009 the Navy updated its maritime doctrine force. The document focused on the spectrum of conflict, India's maritime environment and interests,

and the application of the sea power (IISS 2010, 2015). For the doctrine, the key strategic challenge and therefore a priority for the Indian navy, is the potential menace by Chinese Peoples's Liberation Army Navy. Admiral Sureesh Mehta, Chief of Naval Staff, advocated the use of maritime domain awareness and network-centric operations along with a reliable stand-off deterrent as means for coping with China's rise.

For the first time, India's maritime doctrine included the SCS as well as other areas in the West Pacific Ocean and "friendly littoral countries located therein". These represent key indicators of Indian naval trends and aspirations. In July of 2009, the navy launched its first locally built nuclear submarine, the Arihant. The former Russian Admiral Gorshkov aircraft carrier entered service with Hindu flags and India was also buying stealth technology, sophisticated missile-armed warships and began augmenting its maritime-surveillance capabilities. New Delhi boosted the cooperation with the Maldives by set up a network of 26 radars linked with Indian coastal radar system (ibidem). Following the reopening of the Daulat Beg Oldi and Fuk Che airfields in Ladakh, close to the 4000 km line of actual control, the de facto border between China and India, the Air Force also began to turn Neoma advanced landing ground in Ladakh into a runway proper (ibidem).

For Carl Thayer (2014) Vietnam is poised to play a greater role in facilitating India's Act East policy both as a formal strategic partner and as the next ASEAN country coordinator for relations with India. India and Vietnam are getting closer because geostrategic interests between India and Vietnam are converging. Both countries share similar concerns about maritime security and Chinese rise in the region. Not only has India offered substantial support to Vietnam's navy and air force but political-diplomatic support for Vietnam's South China Sea policy. Prime Minister Narendra Modi has stated that: "Our defense cooperation with Vietnam is among our most important ones. India remains committed to the modernization of Vietnam's defense and security forces. This will include expansion of our training program, which is already very substantial, joint exercises and cooperation in defense equipment. We will quickly operationalize the 100 million dollars Line of Credit that will enable Vietnam acquire new naval vessels from India" (Government of India 2014).

Both India and Vietnam will benefit from the development of Vietnam's offshore hydrocarbon resources. India is seeking new markets while Vietnam wants to enhance its economic heft.

India's new role with the Asiatic country has clearly a strategic option to counterweight Chinese presence. Indian strategists have long called for stepping up relations with Vietnam to exert pressures on China as a response to China's quasi-alliance with Pakistan and the pressures this brings on India. Recently, Indian strategists have called for stepping up relations with Vietnam as a response to Chinese in-roads in the Indian Ocean region especially with Sri Lanka (Thayer 2014).

21.3.3 Japan

Generally, an island country faces a geopolitical dilemma: although the insularity gives it an advantage in dealing with foreign attackers, due to the "stopping power of water" (Mearsheimer 2001, p. 44) it also concentrates the economic interchange with the world in the same oceans or seas which insulates them in security terms.[15] Therefore, if a continuous economic exchange with the world is to be maintained, the free flow throughout the seas is an essential condition to be scaled in that country's foreign policy. Usually, island countries tend to align with the biggest naval power (global or regional), in order to support that flow, or seek to become this power themselves (as in the case of Great Britain).

During most of its history, Japan has opted for a "partially closed" relationship with the world. Until the seventeenth century C.E., only for a brief period it accepted the condition of "tributary state" to China, in order to benefit from the trade with the most powerful country in the region.[16] But, with the Tokugawa Shogunate, all foreign contact and trade was restricted to the so-called "gateways" (Nagasaki, Matsumae and Kagoshima), turning it into a strictly controlled process.[17]

Forced to open due to external pressure by US armed forces, Japan had to abide to uneven treaties, which were revoked after Meiji Revolution and the strengthening of the country. After defeating China, Japan aligned with England in the dawn of the twentieth century, and the alignment lasted until 1920s. In the 1930s and 1940s, Japan began adopting the role of a revisionist state in Asia, challenging British and American influence, amidst a feeble world trade panorama, due to the Great Depression. In a world torn into three basic spheres of influence and less economic flow than before, Japan opted for strengthening its own navy. That came to an end with the Japanese defeat in WWII. Since then, Japan has aligned with the USA, the most important naval power in the world. Japan has established itself as a country which strives for peace, and that position was comfortable due to the so-called "nuclear umbrella" provided by the United States. Nevertheless, especially after the Cold War, that position has been challenged and changes were implemented.

Broadly speaking, Inoguchi (2007), applying David Lake's (1988) typology[18] and adapting it to Kissinger's observation that Japanese foreign policy decision-

[15] In fact, products can also be transported by air, but at a much higher cost. Depending on the weight, there's almost no viable choice to naval transport.

[16] And it should be noted that it was signed by the Ashikaga Shogun, not the Japanese Emperor; besides, the Chinese calendar (one of the conditions attached to the full implementation of the deal) was not used in the formal documents between both countries (Pyle 2007, pp. 37–38).

[17] The case of Cuba after 1959, not aligning with the US (in fact confronting it), followed the script of foreign trade being strictly centralized.

[18] Lake postulates that a major power foreign policy results from two factors: the size of the economy (GNP) and the labor productivity, both compared to the world.

making takes 15 years to mature, divides the post-WW II era in five periods with a respective debate (ibidem, p. 37):

a) 1945–1960—Pro and anti-alliance; Security Treaty vs. Constitution
b) 1960–1975—Free rider; Yoshida Doctrine
c) 1975–1990—Systemic supporter; Supporter vs. spoiler
d) 1990–2005—Civilian Power; Civilian power vs. power
e) 2005–2020—Global ordinary power; Ordinary power vs. Extraordinary power

In the present period, the debate is focused in being a more ordinary power (that is, in Westphalian terms) or Extraordinary (as a power which demands order not by force or power but by following international institutional governance). The most recent years have seen a strengthening of the Westphalian position, with a more assertive Japanese foreign policy, although always posing as a peace-oriented country.[19]

According to Rozman and his colleagues, the three major strategic goals for the Japanese foreign policy are "adequate balance with the US in Asia, regional influence and reconciliation, and pride marked by normal nationalism" (Rozman et al. 2007, p. 9). For achieving these aims Inoguchi (2014) states that the current Japanese foreign policy is a mix of three trends: (a) realist, with a close cooperation with the US to contain China; (b) a rejuvenating approach in economics and a new position in East Asia and (c) an enhancement of international norms and rules through multilateral institutions.

According to IISS, Japan's December 2013 Mid-Term Defense Plan outlined procurement projects for the 2014–2019 period, including new destroyers, additional submarines, unmanned aerial vehicles for long-range maritime surveillance, F-35A Joint Strike Fighters and tilt-rotor aircraft (IISS 2015, p. 207). The easing, from April 2014, of Tokyo's self-imposed ban on arms exports, following the new National Security Strategy announced in December 2013 and subsequent 'Three Principles on Defense Equipment Transfers', may help strengthen the country's military capabilities by allowing greater joint development of equipment (idem). Under Prime-Minister Abe, Japan has reinforce its military posture because of Sino-Japanese tensions over the islands. New Soryu class submarines, maintain a force of 58 destroyers, additional Aegis destroyers and new multi-mission Akizuki class ships (IISS 2015) procurements demonstrate the Japanese growing importance to navy's modernization plan.

Japanese procurement plans are clearly influenced by Chinese systems. In the Ministry of Defense requests, upgrading the F-15 J force means to counter China's expanded air-defense and cruise-missile capabilities; new anti-submarine helicopter carrier in the shape of the Hyuga-class to conduct joint operations to defend the outlying Japanese islands from invasion. In the face of pervasive strategic uncertainty stemming from sensitive relations among Southeast Asian neighbors

[19] The reinterpretation of the Article 9 of the Japanese constitution, allowing the Japanese Self Defense Forces to act in the case of collective self-defense, is one more step in that direction.

as well as China's growing power, and against the backdrop of regional security institutions that have limited the effectiveness of confidence building mechanisms, Japan like other states have has continuously enhanced its military capabilities.

21.3.4 Position Regarding South China Sea

Although distant from the SCS, Japan became increasingly worried about China's more incisive stance towards the area. In fact, China's position has posed several potential problems for Japan. Consequently, Tokyo has stressed the need of countries to abide to international rules and respect established maritime rights. Moreover, Japan has clearly supported countries which compete with China in the area border disputes. For example, Japan has stimulated a maritime defense buildup in Vietnam and Philippines, even donating coast guard ships (French 2014; Vuving 2014). What are the reasons for this reaction?

a) Japan is very worried about the possibility of a disruption in the free flow of trade, particularly as 60 % of its energy supply travel through that area (Vuving 2014). If China gains effective sovereignty over most of the SCS it could block most of the Japanese trade. After all, as it has been mentioned, China claims that the "9 dash line" encompasses Chinese territorial waters, not an EEZ; therefore, if this view is accepted, China could in fact apply its national laws to any maritime vessel passing through or aircraft flying over it;
b) Japan's fishing industry could be severely affected. If the SCS is to be considered Chinese territorial waters, all fishing activities are to be authorized by its government. The SCS is the world's fourth largest fishery are, covering almost 25 % of Asian fish requirements (U.S. Army Command and General Staff College 2014, p. 7). So, if China's claims were confirmed, it could completely block any Japanese fishing in the region;
c) Oil, gas and other natural resources—The same applies to oil and gas exploration in the area, which would need to be authorized by Chinese government;
d) Prestige—If China's claims get accepted, its political leadership in the region would be strengthened, pushing the other countries to a strategy of bandwagoning with the People's Republic. Japan, which has always tried to avoid a "Sinocentric" region, would subsequently face difficult choices.
e) There are several signs that a containment strategy towards China is being applied by the US, even when blended with some economic and political engagement, which led to the coining of the term 'congagement' (see Friedberg 2011, pp. 88–119). According to a strategy of containment, loose alliances would be gradually strengthened between Japan, India, Australia, Philippines, Vietnam, etc. In the case of the Philippines, the security ties with Japan are already strong. Philippine President Aquino even argued that the two navies should make joint naval exercises. Aquino also support the new interpretation for Article 9 of the Japanese Constitution (Richards 2014) and both countries

have been united in confronting China's island-building in the SCS (Tagawa 2015). The same can be said for India (Kapila 2014; Amorim and Lucena Silva 2014) and Vietnam (Vuving 2014). Security ties with Australia are also increasing (Bisley 2014; Bisley and Taylor 2014), and both countries even play with the idea to expand their cooperation with India and create a trilateral security format among them (MOFA 2014)[20]

21.3.5 Australia

Just like Japan, Australia is an island country. Although much bigger than Japan, the same geopolitical issues apply, that is, there is a trend in aligning with the most powerful naval power in order to safeguard its sea lanes and the trade flow with the world. Under British rule, this was an easy choice since it was also the maritime hegemon. Even as a dominion, the links with Britain were tight. After WW II, Canberra established closer ties with Washington via ANZUS (a security alliance involving Australia, New Zealand and US) and participated in many military conflicts involving the US. Accordingly, we can consider Australia's main foreign policy goals as the following: maritime free flow, the absence of any potential threat in the ocean nearby and strong links with US (the major naval power). In security terms, it is worth in this context to also pointing to the Five Power Defense Arrangements, with Great Britain, Malaysia, Singapore and New Zealand, since one of the states (Malaysia) is directly involved in the SCS border disputes and another one is at least indirectly involved (Singapore), both worrying about Chinese expansion (Kaplan 2014, pp. 71–118; Naval Today 2014).

In recent years, Australia has been facing an increasing dilemma (Bisley and Taylor 2014, p. 31). During the times of the British Empire, strategic and economic interests have converged. For example, until WWII the United Kingdom fulfilled the roles of being Canberra's main trading partner and the major naval power to help protecting Australian interests and security. After WWII, that dual role was taken over by the US. In 1971, when Japan became Australia's main trading partner, this did not lead to any controversy fact because Japan is also a close US ally. However, nowadays China is Australia's main trading partner, with Japan in second place. With the growing strategic rivalry between China and US, Australia is being facing a situation where security and economic interests do not converge. Its recent movements indicate that the security issues are more pressing and in time the economic ones may be negatively affected by this choice. For example, debate is growing whether the ANZUS treaty can be applied if a conflict erupts in the East China Sea, involving the US and Japan (ibidem).

[20] It's worth remarking that the 2007 Joint Security Declaration by Japan and Australia was the first Japanese security agreement with a partner other than the US, since WWII (Bisley and Taylor 2014, p. 32).

Recently, United States provided Australia with new 24 modern F/A-18 F Super Hornet planes, as a way to show commitment with its ally in the region (Defense Industry Daily 2014).

In May 2009, Australia released its defense White Paper entitled: Defending Australia in the Asia Pacific Century: Force 2030. This paper was written amidst a widespread perception in Australian foreign policy circles that the distribution of power in the Asia-Pacific and Indian Ocean region is in flux, and it outlines plans for significant improvements in Australian defense capabilities over the next two decades (Australia 2009). The White Paper reinforces that tensions between major powers in the region are likely to increase, miscalculation between them is possible and that there is even some chance of confrontation (idem). The paper also stated that, if China fails to explain its military modernization, regional states are likely to question the long-term strategic purpose of its force development. Defending Australia against direct military attacks remains the country's "basic strategic interest". However, the country's worries are increasing over wider strategic interests regarding the security, stability and cohesion of the immediate neighborhood.

Australia's Naval Forces are strengthened. The maritime strategy which defense planners see as necessary to defend the homeland and interests requires forces that can operate with decisive effect throughout the northern maritime and littoral approaches (Australia 2009). The ADF 2030 mentions key areas like surface warfare, including air defense, air superiority, strategic strike, special forces, intelligence, undersea warfare and anti-submarine warfare. Under the Labor administration, naval modernization included acquisition of three *Hobart*-class air-warfare destroyers, which will enter service from 2016, and two *Canberra*-class amphibious ships (IISS 2015). The new conservative coalition led by Prime Minister Tony Abbott made electoral promises to increase defence spending to 2 % of GDP. In April 2014, Abbott and Defence Minister David Johnston announced Australia's commitment to purchase 58 more F-35A Joint Strike Fighters in addition to the 14 aircraft ordered in 2009. The first two F-35As for Australia were rolled out in July 2014, and initial operational capability is scheduled for 2020. In addition, 12 EA-18G *Growler* electronic-warfare aircraft, optimized for the suppression of enemy air defenses, will be delivered from 2017. In August 2014, Canberra ordered four P-8A maritime-patrol aircraft, from a planned total of eight approved in February 2014. The eventual replacement of the *Collins*-class submarines was the priority naval programme, and the Abbott government showed serious interest in the possibility of acquiring Japanese *Soryu*-class boats to fulfill this requirement (IISS 2015).

21.3.6 Position Regarding South China Sea

Australia is even further away than Japan and India from the SCS, but it has many interests regarding the region. Until recently, due to the mentioned dilemma between economic and security interests, there was not much clear resolve in

Canberra towards the region (Wesley 2013, p. 46). However, the Australian position has become clearer as Australia has supported the application of a Code of Conduct, an issue sponsored by ASEAN but not by China (ibidem). Regarding the SCS, Australian interests basically resemble those from Japan:

a) Almost 60 % of Australian trade goes through the South China Sea (China, Japan and South Korea are respectively first, second and fourth of its trading partners). Accordingly Australia is worried about a possible disruption in the trade flow;
b) Australia's fishing interests could be affected;
c) Oil, gas and other natural resources—Opportunities for Australian energy companies could be hampered if exploitation of natural resources is centralized by one country; the diversification of suppliers would enlarge those opportunities;
d) One of the basic tenets of Australian foreign policy could be jeopardized, that is, the presence of a potentially hostile power dominating some of the waters around or near its territory;
e) The close security ties with the US almost inevitably force Australia to take part (even in a not so emphatic mode) in the containment strategy against China. In fact, as already mentioned, Australian security ties with Japan and India are strengthening. Besides that, participation in the Five Power Defense Arrangements reinforces that trend, for one of the countries (Malaysia) is directly affected by the border disputes. A loss of prestige by the US would force Australia to completely reevaluate some of its core principles of foreign policy.
f) The actions of China in SCS are growing assertive. Although US official said that they do not want to send a "message" to Beijing (Panda 2014), the Quadrilateral Security Dialogue between Australia, the US, Japan and India has criticized Chinese actions (idem).

21.4 Theories Applied to the Problem

21.4.1 Democratic Peace Theory

Kant postulated that Republics (since they were embedded in constitutional consensus) would not fight each other. Moreover, they would be menaced by Despotic States, which would be a constant threat, as their social and philosophical foundations can be seen as being very different to the former. Therefore, alliances among Republics against Despotic States would be a clear consequence of that contradiction in the international sphere. Applying DPT to Australian, Indian and Japanese role in the South China Sea, we can characterize them as Republics (three well-established democracies, with levels of 10, 9 and 10 according to Polity Index), while China would be put in the role of a Despotic State (−7 in the Polity Index).

A closer alignment involving the three countries was already seen during the formation of the EAS, in 2005, when Japan tried to counterbalance China's

increasing impact in ASEAN + 3. The addition of Australia, India and New Zealand to ASEAN + 3 brought three 'western-molded' democracies to the heterogeneous forum.[21] So, in preliminary terms it would seem that DPT was successful in explaining the positions of the 'three outsiders' to the SCS. Nevertheless, this is not the case. Besides the mentioned alignment, there are others actions which cannot be explained by DPT. For example, the clear support for Vietnam, which could also be labeled as a Despotic State (Polity Index −7) as could be Singapore[22] (a modern, but still semi-authoritarian State; Polity Index −2). Therefore, alignments are being made among Republics and Despotic States, contradicting what DPT expected.

Australia has been forging close ties with Great Britain, the United States and New Zealand. All of them are considered full democracies, according to Polity IV Index.[23] On the other hand, Australia reinforced ties with Malaysia and Singapore. While the city-state is classified as a 'closed anocracy' and Malaysia a democracy (6), but with considerably lower numbers than Australia—and only one point above being labeled an open anocracy. Japan (10) is also reinforcing ties with Vietnam (−7) and the Philippines[24] (8), a young democracy. India is aligning with autocratic countries in Central Asia and non-democratic Vietnam and Maldives.[25]

The Democratic Peace Theory per se cannot explain India's, Japan's and Australia's behaviour. According to the liberal democratic culture argument, democratic states tend to trust other democratic states and expect to resolve conflicts through discussion and compromise. Equally, they distrust non-democratic ones and believe that it is sometimes necessary to enter in war with them. As mentioned earlier, Brock et al. (2006) have already argued that a "dark side of democratic peace theory" exists. The three democracies mentioned earlier are aligning with each other but have also been expanding their security cooperation with non-democratic states in a clear movement to contain China. Alliances between democratic and non-democratic states provide evidence for the limitations of DPT to explain the SCS security environment.

[21] The adding of US and Russia, years later, couldn't be interpreted the same way, especially as to Russia.

[22] Singapore resemblance is much more towards Plato's Republic, not Kant's.

[23] Polity IV classifications can be found at: http://www.systemicpeace.org/polity/polity4.htm

[24] The Philippines was considered a non-democractic state until 1991.

[25] Maldives is not listed in Polity IV, but is considered only a partially free country, not a democracy by the Freedom House index. For more information see: https://freedomhouse.org/country/maldives#.VLQ9N4vu-qA

21.4.2 Balance of Threats (BOT)

Before analyzing BOT a brief clarification on Balance of Power (BOP) as a theoretical approach is needed. According to Zinnes (1968), a particular distribution of power among states of an international system such as that no single state and no existing alliance has an 'overwhelming' or 'preponderant' amount of power indicates the existence of a balance of power. As a consequence, countries strive for an 'equilibrium' situation, preventing the dominance of a state or alliance. Applying BOP to the SCS and the strategies of Australia, India and Japan shows that it is not very successful in explaining the countries' behavior. After the Cold War, Washington has become the world's only superpower. What would be the logical reaction of the so-called great powers (i.e. those states one level below the status of superpower), according to BOP? To balance against the US, in order to pursue an equilibrium. This has not happened, and one of the reasons given by BOP theorists is that the power asymmetry between the US and the other great powers is so huge that it doesn't pay for them to try a revisionist course. If that is the case, we could conclude that, as long as that asymmetry holds on, applying BOP to the great power game does not stand.[26] Of course, Japan and Australia have strong geopolitical reasons to maintain their alignment to the US even after the Cold War as they are island countries. But how to explain India's behavior, slowly but firmly aligning with the US, especially after 2005? According to BOP, it would make much more sense to align with China and Russia, a weaker coalition, than with the stronger side. In fact, that resembles the Cold War paradox, as analyzed by Walt (1987, p. 276), explaining that the "western" (capitalist) coalition was much stronger than the "eastern" (communist) one, and yet most countries chose to align with the stronger side. Walt concludes (as a support to his proposed BOT approach) that threats, and not only the power struggle, would explain such behavior, that is, BOT would be an analytical evolution to BOP.

So, BOP would not be successful in explaining SCS approach by the 'three worried outsiders'. What would be the result in the case of BOT? In our view, it would help answering most of the questions regarding the three countries' stance towards the region, but a methodological (and clearing) adjustment is needed in two of its analyzing pillars. As already mentioned, BOT uses four categories (Aggregate Power, Geographic Proximity, Offensive Power and Aggressive Intentions), all of which are connected in terms of impact in a perceived threat by a country. As such, Chinese Aggregate Power (AP) and Offensive Power (OP) are easily identifiable and in a certain way stand by themselves, even before aiming any specific country or issue with regards to the SCS dispute.

But, in the case of Geographic Proximity (GP) and Aggressive Intentions (AI), a few shortcomings arise: Firstly, Australia, India and Japan are quite far away from the SCS. Secondly, Australia is even further away from China. Therefore, as to GP

[26] And the "rebalancing" decision by Obama's Administration, stressing the Asian pivot, only highlights that this asymmetry in the region would hold, at least in the near future.

some analytical adjustment would be needed. In terms of Chinese AI, Australia is not affected directly, although India and Japan are affected due to ongoing border disputes. So, also with AI there would be a need for some degree of adjustment.

The basic point is that the SCS is considered by the three countries to be a common good.[27] In the case of Japan and Australia (i.e. the island countries), that sea-lane is essential to their economic welfare. As to India, the SCS is also increasingly important due to the increasing trade with Southeast and East Asian countries as well as Indian regional investments. So, any threat to the condition of SCS as a common good is felt by those three countries to be a threat to their interests.

Therefore, the adjustment needed in the GP and AI pillars is to include common goods considered essential to any country in the analysis, extending the original intent of Walt's theoretical model, which highlighted each country's sovereign territory. In that case, a threat even in a region far away in the world (which is still considered to be strategically important) would be understood to be a nearby threat. Of course, this adjustment brings a more globalized approach to BOT analysis. The differences between the 'traditional' BOT and the 'adjusted' one can be seen in Tables 21.1 and 21.2.

According to BOT's 'traditional' approach, the three countries have different views about a potential Chinese threat. Australia is basically a beneficiary of Chinese growth (in economic terms). The only difference between India and Japan is that the joint membership in the BRICS helps constraining the Chinese-Indian border tensions regarding Aksai Chin and Arunachal Pradesh (it is worth to note that apart from Pakistan China was the last country with which India went to war). Therefore, with regards to the three countries China's potential threat posture is rather diverse, with Australia being almost an outlier.

Table 21.2 gives us a very different view of the three countries' perceived threats, if compared to Table 21.1. In that case, as we have already seen, one of the main threats faced by the three countries has to do with the danger that important sea-lanes might be blocked by China. In fact, according to Wesley (2013, p. 48), "The maritime commons have been controlled since European settlement by Europe and its closest allies; but this situation may be coming to an end with the rapid build-up of maritime weapons systems among Asian states." Accordingly, acts against common (and public) goods should also be considered as a source of threat. If so, we should also take into account a possible Strait of Hormuz blockade, a closing of the Panama Channel, etc. To some extent, this view has been corroborated in a way by Japanese Prime Minister Shinzo Abe, when he addressed a new security bill to the Diet, after a reinterpretation of the Article 9 of the Japanese Constitution: "If serious military tension or an armed conflict occurs

[27] In economics, goods can be defined as private, public, common or club, depending on the presence (or absence) of two characteristics: excludability and rivalrousness. This typology has been adapted to International Relations to explain certain features of the international system, as security agreements, economic integration, sharing of lakes, rivers and seas, etc. For a good analysis about the subject see Aggarwal and Koo (2008).

Table 21.1 Levels of potential Chinese threat, applying 'traditional' BOT

	Aggregate power	Geographic proximity	Offensive power	Aggressive intentions
Australia	HIGH	LOW	HIGH	LOW
India	HIGH	HIGH	HIGH	MEDIUM/HIGH
Japan	HIGH	HIGH	HIGH	HIGH

Source: Own elaboration, based on BOT methodology

Table 21.2 Levels of potential Chinese threat regarding SCS issue, applying 'adjusted' BOT

	Aggregate power	Geographic proximity	Offensive power	Aggressive intentions
Australia	HIGH	HIGH	HIGH	HIGH
India	HIGH	HIGH	HIGH	HIGH
Japan	HIGH	HIGH	HIGH	HIGH

Source: Own elaboration, based on suggested adjustments in BOT methodology

[in the Middle East or Indian Ocean], it is possible that Japanese ships transporting goods to our nation would be seriously impacted [...] Furthermore, if there is a situation where the United States or other countries are conducting activities to deal with such a scenario, it is possible that [the areas] would be subject [to support by Japanese armed forces]."[28]

Another issue regarding the application of the 'traditional' BOT to the present problem is the absence of US in the analysis. How to fit it into that model? Washington is also not threatened in a formal way; if it were included in Table 21.1, its record would be probably much similar to Australia's. In fact, the US also does not (yet) have a permanent physical presence in the SCS (as in the case of foreign bases), except for its navy. This highlights the fact that the SCS disputes cannot be dealt the same way as the East China Sea disputes, with the Okinawa American troops relatively closer to the Senkaku/Diaoyu Islands (which in theory are covered by Article V of the Security Agreement between US and Japan). Yet if China successfully ensures that the SCS becomes Chinese territorial waters, practically all US military naval activities will be prohibited in the region, as UNCLOS is very clear about military movements and limits them to "innocent passage"; for example, submarines must navigate on the surface and show their flag (U.S. Army Command and General Staff College 2014, p. 11). This would be a huge loss of prestige for the US (sparking movements of the same kind in other regions of the world and highlighting its hegemonic decline), a (potential) military setback[29] and in fact forcing most of the countries in East Asia to bandwagon towards China. That

[28] The Japan News (2015).

[29] French (2015) stresses that China (due to having a much smaller nuclear arsenal than the US) heavily depends on nuclear-armed submarines stationed in Hainan Island for an eventual second-strike. In the case of China gaining effective control over the SCS, the US would lose much of its ability to monitor those submarines. So, keeping the SCS as a common good, allowing free passage to military vessels, even those doing military research, is very important to US strategy.

would be a big blow to American foreign policy as a whole, which has always be concerned about keeping a free international environment in terms of flow of products and finance (Layne 2006). So, the SCS is viewed by the US as an extremely valuable common good. Therefore, the application of an 'adjusted' BOT would also be successful in explaining the US strategy in the SCS.

21.5 Regional Security Complex (RSC)

Buzan and Wæver (2003, pp. 449–450) have predicted the eventual emergence of an Asian supercomplex more than a decade ago. Buzan (2012) recently reemphasized again that "reactions to the ongoing rise of China have now generated a weak but definite Asian supercomplex."

The Asian supercomplex is formed by two RSC[30]:

a) East Asian RSC—Result of the merger between Southeast Asian RSC and Northeast Asian RSC; US influence brought along Australia to the present RSC;
b) South Asian RSC—India, Pakistan, Sri Lanka, Nepal, Bhutan, Maldives, Bangladesh

What triggered the emergent Asian supercomplex, according to Buzan, is the rapid emergence of China (with Beijing pursuing a tougher foreign policy since 2008),[31] the rise (albeit at a much slower pace) of India, the US reaction to China's rise and the "emergence of balancing against China".[32] Although there is less doubt about an emerging supercomplex, (as an example, Donner (2014) applies this approach to the East China Sea conflict) the question remains whether RSCT can explain Australia's, India's and Japan's stances on the SCS?

Applying the four suggested level of analysis for a RSC into a supercomplex, we find:

a) Domestically generated vulnerabilities—The three countries are strong and have diminished (especially in the case of Japan) its risk-aversion in projecting power;
b) The three states have agreed on the need to keep the SCS subject to multilateral agreements involving freedom of passage;
c) The three states, although situated in different RSC, have coordinated their positions;
d) The US is the 'quiet' stimulator to the actions of the three countries.

[30] Buzan (2012, pp. 1–2).

[31] Buzan mentions that China's new assertiveness would be linked to the weakening of US after the 2008 economic crisis, as a kind of challenge. However, since 2012, when Buzan's text was written, several developments have changed the landscape, with China having reduced economic growth rate, the US regaining economic ground and reasserting certain positions firmly, e.g. over the Senkaku/Diaoyu islands.

[32] Ibidem, p. 2.

Table 21.3 Australian, Indian and Japanese views on China, 2008/2014 (percentage of people interviewed)

	2008	2014
Australia		
Mainly positive	60	47
Mainly negative	28	44
Net result	+32	+3
India		
Mainly positive	22	33
Mainly negative	18	35
Net result	+4	−2
Japan		
Mainly positive	12	3
Mainly negative	59	73
Net result	−47	−70

Obs: Specific percentages linked to answers as "depends", "neutral" or "don't know" or no answer at all were not released
Source: Elaborated on data from BBC (2008, 2014)

As to the essential structure of the Asian supercomplex, we must highlight the polarity (since China's rise has changed the distribution of power in it) and the patterns of amity or enmity which have developed among the three countries towards China and US. For example, as shown in Table 21.3, China has seen its image deteriorated in Australia, India and Japan, since 2008.

Even worse, the images of India and Japan in China have also deteriorated over the same period, as shown in Table 21.4.

So, patterns of enmity have clearly been evolving between China, India and Japan and also the results for Australia show a considerable decline in positive views accompanied by a substantial increase in negative opinions. Does RSCT respond to the challenges which DPT and 'traditional' BOT cannot successfully explain in the three countries' approach towards China and the SCS?

According to RCTS, countries align with other states because they share security, economic or social interests, not because they are democracies or despotic states. Obviously, with time this can become a prerequisite, but only with countries which share a long (and not violent) coexistence. 'Traditional' BOT had to be adjusted to include distant common goods as a source of threat, therefore successfully involving Australia and the US. Geographic proximity is not a necessary condition for RSCT, as long as all actors are in the same RSC or Supercomplex (in case of outside powers which perform "penetration", this is likewise not an issue). Therefore, the SCS is neatly placed near the center of the Asian Supercomplex and subject to the interests of all parts of it, including Australia, India and Japan. The US is the 'hidden actor' in the SCS issue, although the most powerful one. RSCT treats it as essential to the supercomplex, since its reactions to China's rise are a basic issue in its formation. Washington has influenced Australia, India and Japan in order to balancing what US policymakers consider a dangerous

Table 21.4 China's views on India and Japan, 2008/2014 (percentage of people interviewed)

	2008	2014
India		
Mainly positive	45	29
Mainly negative	30	35
Net result	+15	−6
Japan		
Mainly positive	30	5
Mainly negative	55	90
Net result	−25	−85

Obs: Specific percentages linked to answers as "depends", "neutral" or "don't know" or no answer at all were not released: China's views on Australia were not shown in the survey
Source: Elaborated on data from BBC (2008, 2014)

situation, which could bring a great loss of prestige and in fact the dismantling of most of the international instruments molded by the US in post WWII.

Buzan (2012, p. 11) is very clear about the ballet involving China and the US: "At the moment, China is doing too little to convince others that its rise is indeed peaceful, and too much to raise the fears of its neighbors. This stance is extremely helpful to a declining US in maintaining, and even strengthening its position in Asia. Ironically, the biggest challenge China could put to the US is being nicer to its Asian neighbors." Therefore, in our view, RSCT is able to fully explain the approaches India, Japan and Australia have taken vis-à-vis a rising China and the SCS disputes.

21.6 Conclusion

This chapter has analyzed three major IR theories—DPT, BOP/BOT and RSCT—and has tried to answer if they are suitable to analyze the SCS security environment according to the strategies of Australia, Japan and India. The three countries have convergent policies towards the SCS and are worried about China's rise. Australia, for example, does not consider the constant build-up of Chinese forces to be sufficiently transparent about its ends. With the disputes over Senkaku/Diaoyu Islands with Japan, China has generated concerns about her 'peaceful rise'. Despite India and China being part of the BRICS group and having common polices regarding their economies, India sees China's alliance with and arms sales to Pakistan as a balancing movement. The 'three worried outsiders' are aligning with non-democratic states to improve their security strategy. This issue undermines the applicability of DPT to explain Australia, India and Japan's stance regarding the SCS. The evidence also shows that two of BOT's analytical pillars (Geographical Proximity, Aggressive Intentions) should be adjusted in order to include distant common goods as a source of threat; only with this adjustment can it fully explain the three countries' strategies towards the region.

As to RSCT, it fit relatively easily as an explanatory tool without needing any refinements. The formation of a supercomplex in the region can be observed and the coordinated movements of Japan, India and Australia, with the presence of United States, support this formation. Clearly, all three have a common concern: China. Summing up the findings, DPT did not show good results in explaining the 'three outsiders' stance towards the SCS. The proposal of an "arc of democracy" among Japan, India, Australia and the US that was floated a few years ago was good in its intentions, but as these countries are also allying with non-democratic actors facts would not support DPT. BOT, after the adjustment of including (distant) common goods as a source of threat, and RSCT were however quite successful.

All in all, bilateral security ties between Japan, India, Australia and the US have been enhanced, and even a trilateral grouping backed by Washington does not seem too far-fetched (Holmes 2015). Prime Minister Shinzo Abe has recently offered help to Australia in developing the country's next generation of submarines (McCurry 2015). Moreover, in May 2015, the Australian and Japanese Defense Ministers, alongside the US Secretary of Defense, strongly criticized China for reclaiming some disputed areas in the SCS and turning them into sophisticated military outposts. Beijing says its controversial island-building in the SCS is comparable to constructing a road going elsewhere in the country, trying to deflect criticism over an issue seen as inflaming tensions in the region (Bodeen 2015). China's engagement with its Asian neighbors is a reflection of the transforming nature of the Chinese state that intends to consolidate its international standing. Despite Beijing's efforts to create a favorable global image of the country, evidence shows that Asian neighbors see her real intentions with suspicion. Accordingly, even countries that are not claimants to the SCS like Australia, India and Japan show that they have become increasingly worried about the developments in the SCS disputes and have subsequently started countermoves.

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Chapter 22
Distant Partners: Europe and the South China Sea

Gerhard Will

22.1 The Ideological and Power-Political Effects of European Expansionism

There is a long history of relations between Europe and the South China Sea region. Roman coins, discovered during excavations in Oc Eo at the Southern tip of Vietnam, document the exchange of goods long before direct contact between people was established between the two regions. Merchants of different cultures and ethnicities—Chinese, Malays, Indians, Persians, Arabs and numerous others—formed part of an extensive trading network, which in most cases had its European end point in Venice. Based on its trade in spices and other luxury goods from regions known to the buyers often only by hearsay, Venice was bestowed with unrivalled and much envied wealth and prosperity in medieval Europe.

Although many geographical and political barriers impeded trade relations along this route, the large, ethnically diverse group of traders mostly managed to overcome obstacles due to their long-standing experience and extensive personal networks. In most cases, a suitable payment to authorities in control of the respective trade hubs sufficed to ensure further transport. Indeed, such payments represented an important source of income for the rulers of those harbour cities. The use of military measures to ensure passage, however, did not correspond to the mercantilist way of calculating costs and benefits.[1]

The maritime expeditions initiated by Spanish and Portuguese rulers after 1400 followed a quite different strategy. Motivated by political as well as economic interests, both countries sought to gain direct access to overseas regions in order to

[1] See Peter Feldbauer, Die Portugiesen in Asien 1498–1620, Essen 2005, pp. 48f.

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obtain the profits previously shared among the intermediaries and authorities along the route. It was less the huge demand for their trading goods than it was the superior fire power of their cannons, whose installation on ships gave them relatively high flexibility, which furthered their enterprise. Due to military and maritime superiority, both powers succeeded in setting up important bases.[2] Economic advantages were gained through force of arms. Military and maritime superiority, however, did not suffice to establish comprehensive rule over South East Asia and to bring all trading routes under European control. Until the nineteenth century, European powers were still forced to make arrangements with traders from diverse ethnic backgrounds in order to successfully conduct their business.

Nevertheless, Spain and Portugal, who spearheaded European expansion in the region in the fifteenth and sixteenth century, had attempted to demarcate their respective spheres of influence from early on. In the treaty of Tordesillas (1494), the two countries had already devised a border line demarcating their respective spheres in America.[3] Several years later in the treaty of Zaragoza (1529), they agreed on a similar division between the Spanish and Portuguese zones within East Asia.[4]

Even though the frontier laid out in Zaragoza was by no means exact and in fact not legally binding, the treaty represented a novelty: for the first time in history, there had been an act of demarcation in this region, which—at least in theory—clearly divided distinct territories. In contrast to this, notions of boundaries in East as well as South Asia had referred to a rather blurrily defined section of space rather than a distinct line.[5] Relations of power between centre and periphery had likewise been characterised by different gradations of dependence and control, which could not be fixed to clear boundaries. Asian maps of the time do not depict state territories, but rather routes, pointing at the various maritime and commercial challenges to be expected along the way.[6]

In Europe, by contrast, a political and juridical concept of territorial rule established itself, which was legally defined in the Peace of Westphalia in Munster and Osnabruck (1648). A system of sovereign states exercising territorial rule within fixed boundaries came to replace the universalist rule of Christianity that had prevailed under pope and emperor.[7] The principle of territorial integrity, limiting access to foreign territory and land use to certain conditions, thus evolved into a central component of European public and constitutional law.

At the end of the eighteenth century, the Netherlands, England and France started to colonialize South East Asia, bringing those countries under direct control. The juridical conditions for legitimate acquisition of territory, which had been

[2] Such as Malacca (1511), Macao (1557), Manila (1571).

[3] See Reinhard (2014).

[4] Hayton (2014, pp. 32 f).

[5] See Schottenhammer (2006).

[6] See Hayton (2014, pp. 29–60).

[7] See Krell (2009).

developed in Europe in the preceding century, were now used by European powers to legitimise their colonial enterprise in South East Asia. In the treatises delimiting their dominions, boundary lines were clearly defined. Although this did not entail immutability, it ensured that every alteration required contractual change. Contemporary debates about territory in the South China Sea, in which various actors invoke historical claims, are framed around the concepts that originated in these European treaties, for instance appropriation due to discovery, or territorial integrity. Though in South East Asia, control over people had always been valued significantly higher than control over territory.[8]

Claims to maritime regions in the South China Sea, as announced by the People's Republic of China in its "Nine-Dash Line" can, however, hardly be grounded in European legal terms. In Europe, maritime law has been largely informed by the ideas of Hugo Grotius (Henry de Groot), developed at the beginning of the seventeenth century. In the "*Mare Liberum*", he advocated for a high sea accessible to all men and nations, arguing that the high sea was a common good as much as air.[9] In customary law, a coastal strip of three to four sea miles[10] was considered the exclusive territory of the neighbouring state. Clarity on claims to territorial waters was created only when international law was devised in the 1980s in the United Nations Convention on the Law of the Sea. Except for Cambodia, all countries around the South China Sea have ratified the Convention, which grants neighbouring states territorial rule over a stretch of 12 sea miles and an Exclusive Economic Zone of 200 sea miles.

For contemporaries, the principles of state sovereignty, territorial integrity and freedom of the seas that accompanied the European expansion were much less visible than the direct effects of colonial rule. Traditional political as well as economic structures were pried open, and South East Asia was divided up into Dutch, French and British colonies, with the colonial rulers increasingly adjusting the form of economic exploitation to their interests.

European influence was, however, not limited to colonial rule. Indeed, it was also furnishing its counter narrative. The forces that rose against colonial rule and eventually brought about its demise were following theories of nationalism and communism that had originated in Europe. When the hegemony of the colonial powers collapsed after the Second World War, it was not least due to these ideas. In 1949, the Netherlands ended their colonial rule in Indonesia. Five years later, France was forced to withdraw its troops from Indochina after the defeat of Dien Bien Phu. Great Britain granted Malaysia independence in 1963 and withdrew all its troops "East of Suez". Starting from the 1950s, the USA increasingly resumed functions previously fulfilled by European powers in South East Asia, assuming

[8] Michael Strupp has already pointed to the contrast between Chinese territorial claims and China's positions on international law in 1982. See Strupp (1982).

[9] See Hayton (2014, pp. 38–40).

[10] Corresponding to the average range of coastal artillery at the time, thus also referred to as "cannon shot rule".

that the region would be of crucial significance for the outcome of the East–west Conflict. According to the "Domino-Theory",[11] the USA founded the SEATO (South East Asian Treaty Organisation) in 1954 to safeguard Western interests. To Washington, Vietnamese communists fighting for independence simply appeared as the extended arm of the PRC (People's Republic of China). Consequently, all US military potential had to be mobilised to counter their encroachment into South East Asia. Despite US demands to increase engagement in Vietnam and South East Asia as a whole, European countries took on a rather dismissive stance.

22.2 From the EEC to the EU

From the late 1960s onwards, enabled by shifts within both regions, early signs of change began to show in relations between Europe and states adjacent to the South China Sea. In 1965, the founding states of the European Economic Community (EEC) agreed to sign the Merger Agreement (Brussels Treaty), which gave birth to a Joint Commission and a Joint Council. In the same year, the British government requested membership in the EEC, which was not realised until 1973.

In August 1967, the Western-oriented countries of South East Asia—Thailand, Malaysia, Singapore, Indonesia and the Philippine—had joined to form the "Association of Southeast Asian Nations" (ASEAN). The ASEAN represented South East Asia's first multilateral confederation consisting only of regional powers. It took almost nine years for a legally binding foundation to be established: The "Treaty of Amity and Cooperation" (TAC) was signed in February 1976. Only 1 year later, an institutionalised dialogue was set up between EC and ASEAN. The EC thus became ASEAN's first dialogue partner, and signed a cooperation agreement in 1980. But neither in terms of economics, nor with regard to politics did agreements lead to any significant developments or changes during the 1980s.

Unanticipated developmental perspectives opened up for Europe in the 70s regarding the Northern neighbour of ASEAN, the long isolated People's Republic of China. The end of the Cultural Revolution and increasing conflict between Beijing and Moscow led to a volte-face in Chinese foreign policy, not least involving a diplomatic offensive aimed at European countries. While the USA did not establish complete diplomatic relations with the PRC until 1979, all European states[12] had accepted the PRC as sole representative of the Chinese state by 1974 and severed diplomatic ties with the "Republic of China" in Taiwan. In addition, 1975 saw the establishment of diplomatic relations between the EC and the PRC. Dynamically evolving economic ties accompanied and sustained the political process.

[11] In April 1954, the American President D. Eisenhower announced that all South East Asian states would fall like dominos if Vietnam should fall.

[12] Apart from the Vatican.

22.3 The European Union and the South China Sea

In the early 1990s, the termination of the East–west and the Soviet-Chinese conflict rendered obsolete the political constellations that had significantly shaped world politics throughout the preceding decades. In Europe and South Asia, this served to eliminate barriers that would have hindered an increase in cooperation.

Upon ratification of the Maastricht Treaty (1992), an economic and monetary union was established in Europe along with intensified collaboration in the fields of foreign and security policy, internal security and the judiciary. One year later, the EU member states installed a comprehensive catalogue of admission criteria for aspiring members from Central and Eastern Europe, which set the legal and political framework for the eastward enlargement of the Union.

As Vietnam, Laos, Myanmar and Cambodia had joined the ASEAN in the course of the 90s, South East Asia now also had a regional organisation which included all of the South East Asian countries. In the following years, ASEAN directed much effort at establishing not only a free trade area, but also a political security community.

An improvement of ASEAN-Chinese relations accompanied the deepening integration within the association. Prior to this, Beijing had long pursued a reluctant policy with regard to the regional organisation, intent on improving relations with its South East Asian neighbours on a bilateral level. In 1991, the Chinese Foreign Secretary, Qian Qichen, attended a meeting of ASEAN ministers for the first time. Five years later, ASEAN acknowledged the PRC as an official dialogue partner. Although territorial disputes in the South China Sea remained far from resolved, all ASEAN member states and the PRC signed a "Declaration on Conduct of the Parties in the South China Sea" in November 2002. The declaration obliged states to refrain from any changes to the status quo, to renounce violence and to direct all their efforts at building mutual trust in order to ease the conflict.

22.4 The Regional and Global Interests of the EU

The deepening of regional cooperation in both Europa and South-East Asia contributed to a favourable climate for an intensification of relations between the EU and the countries in the South China Sea region. This intensification first surfaced in economic relations, leading to significant growth rates from the 1990s onwards.

While the total trade volume between EU and ASEAN stood at only 56.5 billion US$ in 1990, it rose to 243.6 billion US$ in 2013 (Table 22.1).[13] The EU thus evolved into ASEAN's biggest trading partner besides China. ASEAN in turn ranks third among the EU's most important trading partners, following the US and China. However, it has to be taken into account that many of the goods imported from

[13] See Table 22.1 IWF, Direction of Trade Statistics (accessed May 14, 2013).

China include parts manufactured in ASEAN countries. The EU is currently the biggest investor in the ASEAN region by far, with an investment volume of €192 billion (2010: 21.9 billion). ASEAN invested 67.9 billion USD in the EU until 2010. Investments from other important trading partners in the ASEAN region range significantly below the EU's investment.

Economic relations to the People's Republic of China grew at an equally dynamic pace. Since the Chinese leadership decided to open up Chinese economy to the world market in 1978, actively seeking foreign investment and pursuing an export-oriented economic strategy, the China-EU trade volume registered an extraordinary rise. While the bilateral trade volume had accounted for slightly more than 3 billion USD in 1978, it rose to 428 billion in 2008 and more than 530 billion in 2013.[14] The EU thereby became the most important market for Chinese sales. Only Japanese imports to the EU exceed Chinese ones. Overall, China is the second most important trading partner for the EU, and catching up fast with the still leading USA. Having invested about €17.8 billion, the EU belonged to the PRC's biggest investors in 2011. Chinese investments in the EU accounted for only 3.1 billion in the same year, but has risen quickly since the beginning of the Euro crisis.[15]

The development of commercial economic relations was accompanied by an ambitious programme in development cooperation, which made an important contribution to economic success in the region. Countries like Thailand or the PRC, which in the past received European developmental aid, now function as partners of the EU in trilateral development projects in Asia which are taken up as model projects in other parts of the world. In addition, intensive exchange has evolved in the fields of science, culture and society, ranging from university cooperation to a rapid surge in tourism.

For a long time, the enormous economic, political and societal engagement of European countries was not matched with a commensurate component in terms of security policy. The EU had been part of the ASEAN Regional Forum (ARF) in which ASEAN countries and their dialogue partners debated matters of security policy since its establishment in 1994, but had hitherto remained a passive observer. The ASEAN enlargement to Vietnam, Laos, Myanmar and Cambodia was greeted with scepticism in the EU. Although it welcomed the settlement of Cold War conflicts in South East Asia, it did not approve of the diplomatic revaluation of the military government in Burma, which went along with the admittance. The EU itself had installed far-reaching sanctions against Burma.

Not until the ratification of the Declaration of Nuremberg[16] in 2007 did the EU and ASEAN officially agree to consult one another and to cooperate in questions of security policy. The declaration welcomes explicitly the integration steps towards

[14] IWF, Direction of Trade Statistics, trade EU-ASEAN, China ASEM (accessed May 14, 2013).

[15] European Commission, *Facts and figures on EU-China trade*, September 2012, p. 2, <http://www.latviachina.eu/f/Facts_and_Figures_EU-China_trade.pdf> (accessed on December 12, 2013)

[16] Document available online at http://www.eu2007.de/de/News/Press_Releases/March/0315AAEUASEAN.html.

security, economic and socio-cultural union outlined in the "ASEAN Vision 2020".[17] For the EU regards an increasingly strong ASEAN as a crucial component of South East Asian stability and as important condition for the creation of security structures in East Asia. Organisations and forums such as the "ASEAN Defence Minister +8" (ADMM+8)[18] and the "East Asia Summit" are exemplary of such emerging structures.

China and Europe agreed a "Strategic Partnership" in 2005, which adds particular weight to the security dimension of their dialogue. To counter the danger of competitive nationalism, the EU values China's participation in regional as well as international forums such as the "ASEAN Regional Forum", the "East Asia Summit",[19] or the "ASEAN+3" dialogue. Likewise, equally great importance is attached to the intensification of bilateral relations between the EU and China. By strengthening bilateral ties, the EU hopes to involve itself in learning processes necessary for the creation of security structures and stability in the region which it can only impact indirectly.[20]

Therefore, an increase of tensions in the South China Sea or military conflict would not only threaten European interests in the South China Sea region, but also global interests with regard to the project of European integration. The economic success of the EU still relies on its position as the world's biggest commercial power. Ninety percent of all global goods traffic runs across the world seas. Estimates yield that about 30 % of all international sea transport crosses the South China Sea.[21] Endangerment of these shipping lines therefore poses a serious risk to European trade with partners in East and South Asia and to European investment in the region.

In addition, an escalation of the conflict around this world trading hub would run counter to the fundamental principles that the EU has propagated world-wide, with increasing acceptance especially in the ASEAN countries: Regional cooperation based on constitutional and democratic principles.[22] It is not altruism, but rather Europe's painful experiences of the twentieth century, demonstrating that regional cooperation will not automatically result from economic interdependence, which have inspired these principles. As economic relations do not lead only to more cooperation, but might also trigger new or reinforce old interest conflicts, a strong political component is needed to sustain the integration process. The more relations in the South China Sea are determined by confrontation rather than cooperation, the less likely it is that such a political dimension will be taken into account and evolve to underpin a strong security architecture.

[17] Document available online at http://www.asean.org/news/item/asean-vision-2020.

[18] Besides those of the 10 ASEAN member states, the defence ministers of Australia, China, India, Japan, New Zealand, South Korea, Russia and the USA participate in these meetings. See https://admm.asean.org/index.php/about-admm/about-admm-plus/2013-01-22-11-01-22.html.

[19] http://www.asean.org/asean/external-relations/east-asia-summit-eas.

[20] Bersick (2009).

[21] See Cronin and Kaplan (2012).

[22] This is clearly reflected in the principles outlined in the ASEAN Charter 2007.

22.5 The "Asian Semester"

Despite a far-reaching set of dialogues on political as well as security-related matters, institutionalised with both China and ASEAN since the 1990s, the beginning of the decade saw Europe's foreign policy towards Asia increasingly come under critique. Criticism was directed mainly at the mismatch between the immense scope of economic engagement and a politics missing rigour. Many observers in Asia[23] and Europe shared the appraisal of former Belgian premier Mark Eyskens, who described the EU as "an economic giant, a political dwarf and a military worm". In November 2011, Wolfgang Ischinger, chair of the Munich Security Conference, lamented that Europe had been almost absent from big international conferences in Asia. The EU, he claimed, needed to undertake a shift towards rendering Asian development a focus of joint foreign policy efforts.[24]

The US "Pivot to Asia", announced by President Obama in November 2011, might have been the wake-up call for the EU to consider East and South Asia not only as a region of economic growth, but of political challenge. Despite the pressures of the Euro Crisis, Brussels directed much more attention at the region in 2012 than in previous years.

Catherine Ashton, High Representative of the European Union for Foreign Affairs and Security Policy at the time, referred to this episode as her "Asian semester".[25] In April 2012, she went to Brunei to attend the ASEAN-EU Summit. Subsequently, she led the opening ceremony of the EU's external representation in Myanmar and paid a visit to Thailand. In early July, Ashton travelled to Beijing to take part in the third round of the "Strategic Dialogue" between PRC and EU. After Beijing, she visited the "ASEAN Regional Forum" for the first time, which had been convened in the Cambodian capital Phnom Penh. There she signed the ASEAN "Treaty of Amity and Cooperation"[26] as well as a "Partnership and Cooperation Agreement" with the Philippines. Two weeks before, a similar agreement with Vietnam had been signed in Brussels. At the ASEM Summit in November 2012, the EU was represented by the President of the European Council, Herman Van Rompuy.

In addition, 2012 saw the ratification of two additional documents elaborating on the strategic orientation of the EU towards East Asia. In April, EU and ASEAN agreed on the "Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership (2013–2017)".[27] Two months later, the EU released its new

[23] Daewon and Richey (2012).

[24] See Wolfgang Ischinger, "Europe has to show more presence in Asia"("Europa muss mehr Präsenz im asiatischen Raum zeigen"), Interview with Deutschlandradio, 21.11.2011, <http://www.dradio.de/dkultur/sendungen/interview/1609029> (accessed September 2, 2013).

[25] Parello-Plesner (2013).

[26] More than 15 dialogue partners of ASEAN have already signed this treaty years ago, such as China (2003), Japan (2004), Russia (2004), and the USA (2009).

[27] Document available online at http://www.asean.org/images/archive/document/BSB%20Plan%20of%20Action%20to%20Strengthen%20the%20ASEAN-EU%20Enhanced%20Partnership%202013-2017.pdf> (accessed December 18, 2013).

"Guidelines on the EU's Foreign and Security Policy in East Asia".[28] Unlike the Guidelines published in 2007, the new version had a full chapter dedicated to the South China Sea. Next to the Korean peninsula and the Strait of Taiwan, the South China Sea was identified as a source of conflict, which the EU genuinely wished to see resolved. Both documents entail fundamental principles which govern EU policy in the South China Sea and beyond point out fields of action for European policy engagement.

22.6 Political Directives

Unlike the USA, the EU does not express any strategic military interests in the South China Sea. In any case, it would lack the military means to pursue such interests. At the recent Shangri La Dialogue in Mai 2015 Federica Mogherini, the newly elected High Representative of the EU for Foreign Affairs and Security Policy, stressed again that the EU understands itself as a normative power, whose general aim is to strengthen an international system that rests on the UN Charter and international law.[29] With regard to the South China Sea, this plays out in the EU's neutral position. The EU does not align with any of the ownership claims declared by states in the region. Instead, it demands that conflict parties first clarify their claims, legally as well as geographically. Applying peaceful means, all contestants should therefore aim to arrive at a consensual solution, which complies with international law, specifically the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS has not only been signed and ratified by EU member states, but also by the EU itself.

The 2012 Guidelines explicitly mention the danger of militant nationalism, which could result in a dangerous escalation of existing conflicts despite growing economic interdependence between states in the region (II, paragraph 4). The EU therefore emphatically supports all efforts towards regional integration and the evolution of an effective, rule-based, multilateral security architecture (IV, paragraph 25). Of particular importance to Brussels is its engagement in the EU-ASEAN-dialogue, in the ASEAN Regional Forum, in the Asia-Europe Meeting as well as at the East Asia Summit, into which it aspires membership. China and the ASEAN countries have, however, so far displayed a rather reluctant attitude towards this aspiration.

[28] Document available online at http://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CDwQFjAB&url=http%3A%2F%2Fwww.consilium.europa.eu%2Fuedocs%2Fcms_data%2Fdocs%2Fpressdata%2Fen%2Fmisc%2F97842.pdf&ei=UslWU_eMKcnXtQbZjYD4AQ&usg=AFQjCNFDZIzxF84gy0AI6oueB63-zKLbig&bvm=bv.65177938,d.Yms.

[29] European Union (2015): *Speech by High Representative /Vice-President Federica Mogherini at the IISS Shangri La-Dialogue 2015,* 31. 05. 2015, http://eeas.europa.eu/statements-eeas/2015/150531_02_en.htm (02.06.2015). See on the international role of the EU also Boening et al. (2013).

For the foreseeable future, the EU still places importance on bilateral alliances between individual countries in the region and external powers. This also accounts for the military presence of those countries in East as well as South-East Asia, and accompanying obligations for defence. In the long term, however, the EU pursues the goal of a multilateral security architecture, encompassing the whole region. From the EU's perspective, ASEAN should play a central role in this process, as it has already successfully launched initiatives of regional cooperation. It thus strongly welcomes ASEAN's efforts to collaborate with China to compile a common "Code of Conduct" for the South China Sea (VI, paragraph 32). In order to strengthen the process of regional integration, the EU is very willing to share its experiences from the European Integration and the CSCE/OSCE process with its Asian partners. It thereby aims to make a contribution to the creation of peace and a regional security architecture (IV, paragraph 25).

The "Guidelines" emphasise that Europe's political goals cannot be realised single-handedly, but depend on the help of regional as well as international partners. The ASEAN, which the EU already regards as a central actor of a regional security architecture, is considered a natural partner in this regard (II, paragraph 8). The action plan aimed at strengthening the extended partnership between EU and ASEAN[30] therefore focuses on the concept of ASEAN community formulated in the ASEAN Charter. Resting on the three cornerstones of policy and security, economics, and society and culture, the April 2012 plan envisions an advancement of the integration of the ASEAN community through a large number of common projects. With regard to development cooperation, the action plan lists under point 1.4.1:"Develop ASEAN-EU cooperation in multilateral forums, including in the United Nations and other bodies within the UN system, as well as in Asia-Europe Meeting (ASEM), and the G 20 in order to strengthen the multilateral system and, where appropriate to develop joint positions."[31]

In order to convince China, the most powerful state in the South China Sea region to take part in multilateral cooperation on the regional level adhering to international legal norms, the EU intends to make use of the "High-Level Dialogues" on matters of strategy, economy and trade. The new partnership and cooperation treaty that is currently in negotiation is not only expected to establish a legal framework, but also to deepen Sino-European relations.

Another cornerstone in the EU foreign policy initiative towards Asia is its partnership with the USA. On 12 March 2012 in Phnom Penh, US Foreign Secretary Hillary Clinton and the High Representative Catherine Ashton signed a "Joint Statement on the Asia-Pacific Region"[32] in which both sides committed to closer collaboration regarding their respective policy in the region. In addition, they

[30] See footnote 25.

[31] The corresponding section in the Guidelines says "... deepen its cooperation with the countries of the region in global fora such as the UN and the WTO...".

[32] U.S. Department of State, "U.S.–EU statement on the Asia Pacific region", <http://www.state.gov/r/pa/prs/ps/2012/07/194896.htm> (accessed December 18, 2013).

pledged to increase "maritime security based on international laws reflected in the United Nations Convention on the Law of the Sea, and lend assistance to the development of confidence building measures to reduce the risk of crises and conflict. On the South China Sea, both sides continue to encourage ASEAN and China to advance a Code of Conduct and to resolve territorial and maritime disputes through peaceful, diplomatic and cooperative solutions."

What extent the EU-US partnership in Asia-Pacific ought to take is not uncontested among policy observers. While some consider a close coordination—a "joint rebalancing"—the cornerstone of a peaceful and prospering world order,[33] others point out that the USA and the EU are not only partners, but economic competitors. In addition, the EU is thought to run the risk of becoming irrelevant in the region by foregoing independent action, as South East Asian countries in particular strongly welcome the engagement of different external actors.[34] Likewise, it is felt that the EU should reassert its independence as an international actor, not least vis-à-vis China. Moreover, it is considered necessary that the EU enters strategic dialogue not just with Asian powers like China, Japan or South Korea, but important players such as Russia, India, Australia, New Zealand and Canada.[35]

22.7 Components of a Stronger EU Engagement

22.7.1 Parameters

European policy can build on several favourable conditions and parameters in the South China Sea.[36] In contrast to North East Asia and Central Asia, relations between the EU and nations in the South China Sea region are characterised by a long history of varied contact. European countries have left a highly ambivalent legacy in the region, ranging from oppression and exploitation under colonial rule to ideas and concepts which fostered the modernisation of politics, economy and society. It was not without reason that English rather than any Asian language was established as sole working language when the ASEAN Charter was devised in 2007 (article 34 of the ASEAN Charter).

In turn, the EU is far from inexperienced in the kind of conflicts that have caused tremendous tensions in the South China Sea for some time now. Following grim historical experiences, the EU has developed special expertise with regard to the creation of joint resource management, the overcoming of asymmetrical conflict constellations and the establishment of a joint security architecture, though this knowledge is certainly not translatable into a universally applicable model. The

[33] Kaiser and Muniz (2013).

[34] Casarini (2013a, p. 3).

[35] See also "Guidelines" III, par.12.

[36] See Baas (2013, pp. 148–154).

current debate in Asia and Europe on parallels between pre-WWI history in Europe and the current situation in East and South Asia takes up only a few aspects of this complex wealth of experience.[37]

Mutual economic interests are, however, of undoubtedly more importance than historical connections. Mutual interests manifest not only in trade and investment flows, but also in the particular quality of those relations. The EU is neither part of the "Regional Comprehensive Economic Partnership" (RCEP) advocated by China, nor of the US-led "Transpacific Partnership Programme" (TPP). Therefore, the European Union poses an alternative to two mutually exclusive models for cooperation.[38] As the EU can build on a qualitatively as well as quantitatively solid base of economic relations, it can take on a bigger political role. In return, this could lead to a further deepening of economic exchange.

In contrast to the clear adversarial constellation of the Cold War, the current relationship between USA and China is characterised by strategic rivalry as well as economic interdependence. Although this plays out differently in all individual countries, these two features also characterise relations between South East Asian countries and the two superpowers.

The USA, China and ASEAN try to describe politics among themselves using buzzwords such as "Rebalancing towards Asia", "Harmonious Region", and "Political-Security Community". But, so far, no convincing strategies have evolved which lead the way out of the dilemma between rivalry and interdependence. Indeed, aggressive actions on both Chinese and American sides have served to strengthen the superpowers' mutual perception of the other as strategic competitor rather than economic partner.

Although China strives for a harmonious relationship and good economic relations with its southern neighbours, this endeavour is thwarted by Beijing's military presence in the SCS and its insistence on "historical rights", as implied for instance in the "Nine-Dash Line". In turn, ASEAN's aim to evolve into a "Political-Security Community" and to play a central role in the creation of a regional security architecture is hardly compatible with the strategic interests of individual member states. Willingness to consider different concepts and to include other actors in the process is likely to grow with an increasing awareness of these strategic dilemmas. New actors could help to reduce the potential for military conflict and to ease tensions in the South China Sea.

[37] Concerning this debate see Guan Yan, "Shadow of war hasn't yet disappeared from East Asia" in: Global Times, October 29, 2012, <http://www.globaltimes.cn/content/741097.html> (accessed December 18, 2013) and Gustaaf Geeraerts, "Dove of trade may be just another hopeful illusion". in: *Global Times*, October 29, 2012, <http://www.globaltimes.cn/content/741093.shtml> (accessed December 18, 2013); Amitav Acharya, *Common Security with Asia. Changing Europe's Role from 'Model' to 'Partner'*, Friedrich Ebert Stiftung, December 2012 (International Policy Analysis), pp. 4f, <http://eugrasp.eu/fileadmin/user_upload/Common_Security_-with_Asia_-_Amitav_Acharya.pdf> (accessed December 18, 2013).

[38] Muxfeldt (2013).

The USA hopes that stronger EU engagement will provide crucial support for US initiatives in Asia. Representatives of ASEAN countries repeatedly assert that they would welcome a more active role for the EU in the region.[39] When it comes to more concrete projects like the EU's accession to the ASEAN Summit, however, ASEAN displays a rather reluctant attitude. Conversely, China has voiced strong reservations with regard to European political engagement. From the Chinese perspective, external actors like the EU would only serve to increase complexity in disputes that can only be resolved bilaterally.

It remains unclear to what extent the reluctant attitude of the ASEAN is due to consideration towards China, and how long the Chinese leadership is capable and willing to uphold its dismissive stance. China has after all released a new EU strategy in April 2014, bearing the unwieldy but promising title "Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-Win-Cooperation".[40] Particularly in the South China Sea, no significant interest conflicts separate China and the EU. In principle, the concept of "Joint Development" that Beijing propagates corresponds to European visions and models, which are also acknowledged in Chinese academic journals.[41] Moreover, both sides have already demonstrated their capacity for cooperation in security matters in the anti-pirate mission along the Somalian coast.[42]

22.7.2 Necessary Course Corrections

Since 2012, the EU has directed substantial efforts at using the favourable conditions outlined above to make a positive contribution towards the settlement of these disputes, an escalation of which would not least result in a serious impairment of European interests. EU "Action Plans" and "Guidelines" list a number of political areas in which the EU can prove its quality as a reliable partner. However, certain course corrections and optimisations are needed in order to successfully master this challenge.

First of all, the EU has to make full use of their well-equipped representations located in the countries of the South China Sea ambassadors in the regions. Rather than simply managing the resources that Brussels provides, representatives are expected to apply them creatively in order to identify political actors and institutions inside and outside the respective government apparatus, which might be

[39] As stated by the Vietnamese diplomat Ton Nu Thi Ninh in an interview with "Deutsche Welle" in June 2014. http://www.dw.de/eu-should-intervene-in-sino-vietnamese-dispute/a-17729637.

[40] http://news.xinhuanet.com/english/china/2014-4/02/c_133230788.htm. A detailed analysis of this paper is provided by Nele Noesselt, Chinas neue EU-Strategie: Aufbau einer strategischen Achse der Weltpolitik? Hamburg 2014 (GIGA Focus 4/2014), www.giga-hamburg.de/de/system/files/publications/gf_global_1404.pdf

[41] See Yingying and Feng (2011).

[42] See p. 48f.

suitable for collaboration. In this vein, it would become possible to increase public awareness of EU politics and projects in host countries. The enhanced visibility that is often called for should be primarily a task for EU missions on the ground.

On an international level, political success will depend fundamentally on the EU's ability to establish a profile as an independent actor, while at the same time displaying a consciousness that its objectives cannot be realised single-handedly, but only in effective coalition with like-minded actors. The Guidelines mention a range of potential partners for this purpose.[43] Commitment to a fixed partner, as seems to be implied in the Joint Statement signed by Catherine Ashton and Hillary Clinton,[44] would however limit rather than widen the EU's space for policy choice. Diplomatic skill and substantial engagement are needed to map out the concrete range of actions.

The "Common Foreign and Security Policy" (CFSP) of the European Union faces serious challenges in various parts of the world, especially in neighbouring regions like the Middle East. It has thus been debated for some time whether the work of the EU High Representative for Foreign Affairs and Security Policy could benefit from the introduction of several politically responsible deputies. Deputies could be assigned to specific task fields or specific regions in order to strengthen coordination and continuity in EU Foreign Policy.[45]

Coordination and continuity indeed seem to be lacking in Brussels. This is reflected in the Guidelines released by the European Council in June 2012. Point 12 refers to the 2007 Nuremberg Declaration on EU-ASEAN cooperation and the included Action Plan. But the Action Plan published only few months before, in April 2012 at the EU-ASEAN Summit in Bandar Beri Begawan, goes completely unmentioned. Though this 18-page-long document comprises a comprehensive strategy aimed at deepening the extended EU-ASEAN partnership.

The task of developing a joint policy or even coordination of European arms exports might prove especially difficult. After the Tiananmen massacre, the EU imposed an arms embargo on the PRC that is still in place today. Apart from this, there is no joint policy regulating arms exports from individual EU countries to countries in the South China Sea region, although states like Indonesia, Malaysia and Singapore receive far more than 40 % of their arms imports from the EU.[46] This topic is avoided in both Action Plans and Guidelines, undoubtedly due to the extreme difficulties of reaching consensus among the different EU arms exporters.

[43] Besides China, Japan and South Korea, the Guidelines explicitly mention the USA, India, Australia, New Zealand and Canada.

[44] European Union, "Joint U.S.–EU Statement on the Asia-Pacific Region", June 12, 2012, <http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131709.pdf> (accessed December 18, 2013).

[45] In the German Foreign Office, it has been discovered recently that officials responsible for specific task regions, such as the commissioners for German-Russian and German-American relations do not compete for responsibility with the minister, but help to consolidate his work.

[46] See Casarini (2013b, p. 2) and Grebe (2013, pp. 8–9).

If, however, the EU however aims to develop a stronger profile in the South China Sea region, it must clarify this issue or at least make it a subject of discussion.

A stronger political profile demands not least a clearer focus on a limited task range. The Action Plan released by EU and ASEAN in April 2012 lists a broad range of more than 80 areas for potential collaboration. In the process of developing such plans, it might be helpful to establish a very broad framework for collaboration in order to point out different possibilities. However, developers should bear in mind that this raises expectations which might be almost impossible to fulfil given limitations of financial and human resources. The realisation of such plans will therefore also depend on the creation of clear focal points and a close interconnection between EU political directives and concrete projects for cooperation. This could in turn contribute to a clearer profile for the EU in the South China Sea region. Such a clear profile would be easier to communicate to the outside than a policy that risks its credibility by overburdening itself with unrealistic promises.

22.7.3 Potential Projects for Cooperation

In general, two different models offer possibilities for the resolution of conflicts in the South China Sea. The first builds on the assumption that clear boundary lines will be drawn, which demarcate spaces of sovereignty and economic exploitation for individual countries around the South China Sea. Europe has not fared well with this model in the first half of the twentieth century. The demarcated boundaries turned out to be very prone to instability and conflict. The second model rests on the joint management of natural resources, the development of a shared economic space and the creation of a regionally inclusive security architecture. In Europe, this process began with the establishment of the European Coal and Steel Community for the joint management of resources fundamental to warfare. The creation of the "European Economic Union" (EEU) and the "Conference for Security and Cooperation in Europe" (CSCE), later named "Organisation for Security and Cooperation in Europe" (OSCE), were subsequent steps that helped to overcome the conflict constellations of the Cold War.

Despite numerous setbacks, the second strategy yielded much better results for Europe than the first. The EU could thus draw on a large repository of positive as well as negative experiences should conflict parties agree on this second model for cooperative conflict resolution. European experience could inform constructive dialogue between conflict parties in the South China Sea, as well as between South East Asian nations and the EU.

Cooperation in the North Sea might be of particular interest in this regard. Here, collaboration has not only resulted in bilateral treaties such as the Norwegian-British agreement on the exploitation of crude oil and fishing grounds, but also in the creation of a joint "North Sea Commission" (NSC) in 1989. The NSC has adopted a mission "to further partnerships between regional authorities which face

the challenges and opportunities presented by the North Sea".[47] Legal members of the Commission are, however, not neighboring states, but the coastal regions of individual countries. Besides 20 regions from of the EU member states Sweden, Denmark, Germany, Netherlands, France and Great Britain,[48] 14 regions from the non-EU member Norway are represented. The North Sea Commission is therefore a supranational organization of regions, in which national interests play only a mediating role. Some observers in Asia thus consider this a viable option for paving the way towards the resolution of territorial and maritime conflict in the South China Sea as well as in other parts of the Asia-Pacific, or to at least open up new possibilities for dialogue.[49]

Although fisheries, or rather fishing policy, is part of the extensive programme of the NSC, the EU's fishery policy reaches far beyond NSC activities. In past years, the EU has put a lot of effort into agreeing on a new policy in this particular field, which can ensure fair distribution while increasing sustainability. The EU assumes that fish populations in European waters will rise to 15 million tons and fishing yields to 500,000 tons per year due to this policy. For the fisheries sector, this would entail a 24 % rise in income and 37,000 new jobs.[50] In the past 8 years, the share of overfished stocks has successfully been lowered from 94 % in 2007 to 39 % in 2013.[51] In the Guidelines cited above (IV, paragraph 32), as well as in the "EU-ASEAN Action Plan" (paragraph 2.2.8), the EU has expressed its willingness to strengthen the exchange of experiences on maritime resources through increased institutionalization. Among other options, the "ASEAN Maritime Forum", which also is involved in negotiations on a Sino-Asian "Code of Conduct", could become an important partner for cooperation in this regard.[52]

In debates on matters of security policy, it is repeatedly argued that only countries capable of projecting military power well beyond their own national borders can convincingly take part in negotiations. As the EU has no such capacity in the South China Sea region, it ought to stay away from questions of military strategy.[53] It is hard to renounce this argument when debating a potential role for the EU in power-balancing strategies. Considering non-traditional security risks like piracy, however, or the creation of mechanisms for preventive diplomacy and confidence-building, the EU is indeed capable of making a valuable contribution to security policy in the South China Sea.

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[47] North Sea Commission, <http://www.northsea.org/index.php/about> (accessed December 18, 2013).

[48] The list of NSC members mentions England and Scotland, not Great Britain.

[49] Vu Duc (2012).

[50] EU Public Service, "EU closes in on major fisheries reform", July 1, 2013, <http://www.academiclounge.org/index.php?option=com_content&view=article&id=13:eu-closes-in-on-major-fisheries-reform,-public-service-europe&catid=8&Itemid=101> (accessed June 1, 2014).

[51] European Commission (2013).

[52] Khandekar (2012).

[53] Raine/Le Mière, *Regional Disorder. The South China Sea Disputes*, pp. 210–212.

During the "Shangri-La Dialogue" in Singapore in July 2013, Catherine Ashton emphasized the EU's comprehensive approach to new security challenges. "For us the comprehensive approach implies combining hard and soft power to achieve lasting security and prosperity. This approach, we believe, makes us a unique global partner for Asia on security issues."[54] To illustrate the concept, Ashton cited the EU's anti-piracy mission at the Horn of Africa, saying that, throughout, EU naval forces had been able to rely on the "excellent collaboration" with Asian naval forces, not least with those of the PRC.[55] According to Ashton, the mission was essentially characterized by going beyond the protection of trade routes and the fight against piracy. It also provided economic aid and support for the establishment of functioning legal systems in the region.

In the context of such a manifold strategy, it seems conceivable to send vessels from individual European countries to the South China Sea to pay goodwill visits to riparian states in the region. In so doing, the EU could also assert that it considers the South China Sea international waters. Inner-European consultation and coordination is, however, crucial for the successful realization of such a strategy. Goodwill visits should not be based on national unilateral initiative and rather be led single-handedly.

The "Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia" (ReCAAP), issued in 2006, establishes a common institutional framework for the fight against piracy. Its membership counts 19 member states, including four European countries[56] along with China and all ASEAN members except Indonesia and Malaysia. The European Commission has already established first contact with the ReCAAP. In 2012, EU representatives attended the annual meeting of the "Information Sharing Center"[57] for the first time, as external participants.[58]

A more intensive dialogue on confidence-building measures and matters of preventive diplomacy has been evolving in recent years between the ASEAN Regional Forum and the OSCE. The issue of "Maritime Security" is a particularly important element of exchange. According to the German government's answer to a parliamentary question raised in parliament, both ASEAN members and China participated actively and dealt thoroughly with the multi-dimensional aspects of this new challenge.[59] But the German government sees only limited chances for

[54] Ashton (2013).

[55] Concerning EU-China collaboration at the Horn of Africa, see Warnault (2012).

[56] Denmark, Netherlands, Norway and Great Britain.

[57] This ReCAAP-led center serves the purpose of exchanging all information gained on piracy.

[58] Hibernik (2013).

[59] Response of the German government to a brief inquiry issued by the parliamentarians Viola von Cramon-Taubadel, Agnes Brugger, Dr. Thomas Gambke, additional delegates, and the parliamentarian group of the Green Party (BÜNDNIS90/DIE GRÜNEN) (Drucksache 17/18402), "Zur sicherheitspolitischen Lage in Ost- und Südostasien", Deutscher Bundestag, Drucksache 17/8561 (February 8, 2012), Point 28, <http://dipbt.bundestag.de/dip21/btd/17/085/1708561.pdf> (accessed December 18, 2013).

transferring the cooperative approach from the fight against piracy at the Horn of Africa to East and South East Asia.[60]

22.8 Conclusions

The chance for a positive development of future relations arises from the long history of relations between Europe and countries in the SCS region. This can, however, only be realised if there is awareness of the huge mortgage that comes with this legacy. European colonial powers imposed their rule on most countries in the region, thereby dividing the land and cutting off relations which had sustained regional cohesion for centuries. The colonial powers justified their actions using legal concepts of sovereignty, territorial integrity and legitimate land acquisition. Nation states which emerged from the process of de-colonialization later took on these principles. To a significant extent, these legal concepts have intensified the conflicts in the SCS, which now threatens the European economy as well as European political interests.

Based on the disastrous historical experience of the first half of the twentieth century, Europe has learned that the legal concepts outlined above can sustain neither peaceful co-existence nor economic prosperity. The European integration process rests on these historical experiences. It had its origin in the European Coal and Steel Community, and was advanced crucially by the insight that an economic union by itself is not enough, but has to be accompanied by political integration.

Certainly, Europe has not developed a universally applicable model, and has experienced substantial setbacks, especially in the more recent past. Nonetheless, it can draw on a wide range of negative as well as positive experiences, which—unlike the legal concepts developed in Europe in preceding centuries—could contribute to the peaceful resolution of conflict in the South China Sea. Especially due to its lack of military strategic interests in the region, the EU can credibly act as a normative power, promoting a policy aimed at compliance with international law and law enforcement.

However, the EU must become more aware of the specific challenges it has to confront and the range of manageable policy responses, in order to realise its potential in the South China Sea. There certainly is a danger of both over- and underestimation of the EU's range of action. Which policy is appropriate and effective, which strategy holds, and which course corrections are necessary, will not be decided at green tables in Brussels. Such matters can only be explored and resolved within an intensive long-term dialogue, and in close cooperation with partners in the South China Sea region.

[60] Ibid, point 20.

Appendix

See Tables 22.1, 22.2, and 22.3

Table 22.1 EU trade with ASEAN, China, ASEM, 1975–2013

Export (in m USD)	1975	1985	1995	2005	2013	2014
ASEAN	3,763	8,729	49,003	55,586	98,300	94,988
China	1,848	6,810	19,655	64,320	164,813	183,392
ASEM	48,470	98,899	279,534	484,004	889,839	2,238,239
Share of extra-EU-export (in %)	*1975*	*1985*	*1995*	*2005*	*2013*	*2014*
ASEAN	2.5	2.9	7.0	4.2	4.7	4.6
China	1.2	2.2	2.8	4.9	7.9	9.7
ASEM	32.6	32.7	39.8	36.6	42.7	---
Imports (in m USD)	*1975*	*1985*	*1995*	*2005*	*2013*	*2014*
ASEAN	3,139	8,793	48,088	93,701	125,325	126,125
China	1,260	3,814	33,534	207,330	365,867	394,543
ASEM	47,684	116,292	335,240	809,168	1,175,868	2,347,285
Share of extra-EU-import (in %)	*1975*	*1985*	*1995*	*2005*	*2013*	*2014*
ASEAN	1.8	2.7	6.7	6.1	5.9	6.0
China	0.7	1.2	4.7	13.4	17.2	18.0
ASEM	27.8	36.1	46.5	52.3	55.4	---
Trade (in m USD)	*1975*	*1985*	*1995*	*2005*	*2013*	*2014*
ASEAN	6,901	17,522	97,091	149,287	223,625	221,113
China	3,108	10,624	53,190	271,650	530,680	577,935
ASEM	96,153	215,191	614,774	1,293,172	2,065,707	4,585,524
Share of extra-EU-trade (in %)	*1975*	*1985*	*1995*	*2005*	*2013*	*2014*
ASEAN	2.2	2.8	6.8	5.2	5.3	5.3
China	1.0	1.7	3.7	9.5	12.6	13.8
ASEM	30.0	34.4	43.2	45.1	49.1	k.A

Source: IMF, Direction of Trade Statistics (retrieved May 14, 2015)
Source: International Monetary Fund Link: http://elibrary-data.imf.org/DataReport.aspx?c=1449337&d=33060&e=161868
Source: European Commission, Directorate-General for Trade

Table 22.2 ASEAN trade with top 10 trade partners, 2012 (retrieved in December 2013)

Country of destination	Export (m USD)	Share of total export (%)	Country of origin	Import (m USD)	Share of total export (%)
ASEAN	323.8550	25.8	ASEAN	278.1932	22.8
China	141.8920	11.3	China	177.5928	14.5
Japan	126.5070	10.1	Japan	136.3768	11.2
EU-28	124.8917	10	EU-28	117.7072	9.6
USA	108.0357	8.6	USA	91.9915	7.5
Hongkong	80.5071	6.4	South Korea	75.9998	6.2
South Korea	55.0303	4.4	Taiwan	61.0327	5
Australia	45.7243	*3.6*	United Arab Emirates	39.4113	3.2
India	44.0554	3.5	Saudi Arabia	37.5070	3.1
Taiwan	35.2192	2.8	India	27.7603	2.3
Total of top 10 exporters	1,085,7177	86.5	Total of top 10 importers	1,043,5726	85.4
Others	168.8630	13.5	Others	178.2741	14.6
Total	1,254,5807	100	Total	1,221,8468	100

http://www.asean.org/images/2013/resources/statistics/external_trade/2013/table20

Table 22.3 10 Top Investors in ASEAN region (14.1.2013)

	Bio. US Dollar				Shares in %			
Land/Region	2009	2010	2011c	2009–2011	2009	2010	2011c	2009–2011
ASEAN	6.3002	14.3227	26.2707	46.8936	13.4	15.5	23	18.5
European Union	8.0631	17.0121	18.2405	43.3157	17.2	18.4	16	17.1
Japan	3.7899	10.7564	15.0151	29.5614	8.1	11.7	13.2	11.7
China	1.8526	2.7846	6.0344	10.6716	4	3	5.3	4.2
USA	5.7043	12.7716	5.7827	24.2585	12.2	13.8	5.1	9.6
Hong Kong	5.6674	3.440	4.0956	10.1069	12.1	0.4	3.6	4
Cayman Islands	1.4029	5.6016	2.4247	9.4293	3	6.1	2.1	3.7
South Korea	1.7940	3.7642	2.1383	7.6965	3.8	4.1	1.9	3
United Arab Emirates	k. A.	1.539	1.7281	1.8820	k. A.	0.2	1.5	0.7
Taiwan	1.1305	1.0888	1.7189	3.9382	2.4	1.2	1.5	1.6
10 Top-Investoren gesamt	35.7049	68.5999	83.4489	187.7537	76.1	74.3	73.1	74.1
Other	11.1918	23.6788	30.6617	65.5322	23.9	25.7	26.9	25.9
Total of FDI in ASEAN	46.8967	92.2786	114.1106	253.2860	100	100	100	100

http://www.asean.org/images/2013/resources/statistics/external_trade/2013/table27

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Chapter 23
The South China Sea and New Zealand's Foreign Policy Balancing Act

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23.1 Introduction

This chapter studies a somewhat puzzling and possibly anomalous approach to developments in the South China Sea in the form of the New Zealand government's response. Growing tensions among claimants, and particularly those between China and Vietnam, and China and the Philippines, have brought with them potential changes which are contrary to New Zealand's interests and the foreign policy principles which have underpinned New Zealand's view of how international relations ought to be conducted. But the centre-right government of John Key (which first gained office in 2008) appeared reluctant to break its relative silence on the issue, and when it did comment only did so in very restrained and general terms. This was despite the much more direct and vocal criticism, especially of developments attributed to China, that came from Australia, New Zealand's close neighbour and partner.

Explaining New Zealand's low profile and somewhat hesitant response to tensions in the South China Sea is the main purpose of this chapter. This is not an especially easy task, in part because it is harder to explain the non-existence of something (in this case a strong and lengthy and reiterated New Zealand line on the South China Sea) rather than accounting for the presence of such a thing. But before doing that in the later parts of what follows, two essential elements need to be provided. The first is to outline a series of reasons why observers might have expected New Zealand to view developments in the South China Sea as sufficiently serious to warrant significant expressions of concern by Wellington. The second is to examine what the Key government has in fact said, and to indicate the rhetorical lines that it seemed much more reluctant to cross than some of its traditional

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partners. These two elements then form the backdrop to an attempt to explain New Zealand's response (what it consists of and what it avoids) in terms of the wider context of the country's positioning in a changing region as China rises and the United States responds.

23.2 Reasons to Expect New Zealand to Take a Stand

In its response to tensions in the South China Sea, including as China and Vietnam experienced a standoff in 2014, New Zealand hardly ranked among the loudest voices of protest on this important regional issue. This may surprise some external observers who may have expected Wellington to take a stronger and more vocal line in public. And those observers might well have pointed to a series of reasons why it would only be natural and sensible for the New Zealand government to express its concerns in a forthright way, closer to the strong position adopted by its near neighbour Australia.

A strong public line on the South China Sea, including the need for parties to avoid coercive measures could have been seen to have fitted in nicely with New Zealand's foreign policy principles as widely understood, even at the risk of angering China. First, New Zealand has been a long-standing advocate for the peaceful resolution of international disputes. The risk of conflict between China and Vietnam in 2014 (knowing that they had engaged in limited conflict decades ago over these issues), and between China and the Philippines (including over the 2012 Scarborough Shoal incidents) would seem to be a direct challenge to Wellington's preferences here. Second, New Zealand also enjoys a global profile as a strong supporter of international law, including the United Nations Convention on the Law of the Sea (UNCLOS). Even if it was possible, a common approach to UNCLOS among the various South China Sea claimants would not remove all of the points of tension between them because the treaty does not address all of the issues relating to the veracity of the various territorial claims which have been made. But UNCLOS is certainly part of the picture, and New Zealand stands to lose should this regime be weakened, something which seems a distinct possibility in the South China Sea context.

The firm weight of international opinion in favour of open interpretations of navigation rights at sea amidst significant differences of opinion among South China sea claimants and other regional states on this issue raise a third reason for New Zealand's potential concern. It is incorrect to suggest that New Zealand is unique in terms of its extensive reliance upon freedom of navigation for its commercial interests as a global trading country. Nor is New Zealand alone in its strong preference for maritime routes, including close to the Malacca Strait, to remain as open and as unfettered as possible. But New Zealand does depend very heavily upon seaborne trade which passes through the South China Sea to major markets in East Asia. And should tensions in the South China be used as a pretext to challenge the understood rights of naval forces to transit waters beyond 14 miles but

within 200 nautical mile exclusive economic zones, this would also not be in New Zealand's interests.

This last point brings in a fourth reason for New Zealand to be concerned about recent developments in the South China Sea. Like Australia, and many of its close security partners in Southeast Asia (including Singapore and Malaysia) and beyond, New Zealand has benefited from western maritime predominance in maritime Asia. Of course this long period of dominance, known by some as the Vasco da Gama era[1] has also facilitated a great deal of political turmoil and domestic conflict in significant parts of Asia where memories of European imperialism and colonialism run deep. But British and then American maritime predominance, which some might call hegemony, has also helped check the rise of any local challengers to positions of dominance. In the past century, Japan's militaristic expansion which ended in 1945, was the main exception to that rule. In this context it would also make sense for New Zealand to be a voice of concern about growing competition over the South China Sea. If some of the weaker claimant countries conclude that the decades of a relatively favourable distribution of maritime power in Asia are coming to an end, the decisions they make in accommodating (or resisting) that new reality will not necessarily suit New Zealand's strategic interests.

Fifthly, it might also be thought that New Zealand's very close security relationship with Australia (its number one defence partner and until recently, its number one trading partner) would incline Wellington to a similar (or even a combined) approach to the South China Sea. Few countries anywhere took a stronger rhetorical line on the 2013–2014 tensions in the South China Sea (and further north in the East China Sea) than the Australian government led by Prime Minister Tony Abbott. In part because external observers sometimes see Australia and New Zealand as being more similar in foreign policy terms than they sometimes are on particular issues, it would seem odd for New Zealand not to join in on that chorus. Of course part of that chorus had Australia joining with its major ally the United States (and with their security partner Japan) in calling attention to developments in maritime East Asia. It is not surprising that China would take exception to this combination. Many observers will know that New Zealand's security relationship with the United States broke down in the mid-1980s over nuclear issues, and that New Zealand has made much of its claims to maintaining an independent line on its foreign policy, partly in that context. But over the last few years, the New Zealand-US security relationship has grown increasingly close, and those aware of these developments might not be surprised should New Zealand take an approach which was not far from Washington's.

This improvement has not changed the desire on Wellington's part to maintain a reputation for independent foreign policy making, and this raises a sixth potential reason why a strong and vocal New Zealand stance on South China Sea issues might have been expected. Not in the sense that this would connect New Zealand to the positions adopted by its traditional western partners (because it is the ability to

[1] See Bell (2007).

take different positions from them that is one marker of that independence). But because at the very time that tensions in the South China Sea were increasing, New Zealand was in the midst of a campaign for a non-permanent seat on the United Nations Security Council. In that eventually very successful campaign (with New Zealand joining for 2015 and 2016), the government of Prime Minister John Key put great store by New Zealand's independent reputation. But part of the DNA for this profile is the country's commitment to some of the very principles that developments in the South China Sea were challenging, including promoting the interests of smaller states and the avoidance of international laws of the jungle favouring the strong, the importance of multilateral negotiated settlements of disputes, the avoidance of violence as an approach to settling disputes, and the principles of international law. It might be wondered two whether a reluctance to speak up on South China Sea developments might also reduce the willingness of at least some countries, including in Asia as well as Europe, to support New Zealand's candidacy.

23.3 Quieter than Expected?

It's not certain that the combination of these expectations were widely held internationally, at least in the way that they have been presented here. It is also true that while New Zealand brings with it a certain amount of moral persuasiveness and diplomatic credibility on international issues, and is more than just another small state vote at the table, few could confuse it as a medium or major power. New Zealand's lack of enforcement power, including its modest defence force and an economy restricted by its small population size, means that the strategic implications of Wellington's positioning on the South China Sea are less than Australia's, at least when these are seen in purely material terms. And in contrast to Australia, whose northern expanses sit very close to the southern parts of maritime Southeast Asia, New Zealand is more removed geographically from the area in question. The distance from Singapore to Auckland, for example, is not that much less than the distance from Singapore to London.

Yet despite these constraints, it might still have been expected that some of the issues discussed in the previous section might be enough to ensure that New Zealand would *voice* its concerns about South China Sea tensions and their potential implications, and that it would do this publically and often. This can be said in part because so many of the responses were in terms of declaratory rather than operational policy: statements of concern rather than, for example, the deployment of military assets. Indeed it has not been hard for critics of the Obama Administration to argue that Washington did little more than to express its concerns about what was going on in the South China Sea but did not much beyond that. And as a valued member of the international community of states New Zealand's voice could therefore join others. But what then did New Zealand say rather than do about the South China Sea? Or to be more precise, what did New Zealand not say?

The first part of this answer is that the Key government was very slow to make its view known, at least publically. In 2010 had been the first government to publish a Defence White Paper in more than a decade (and the first to publish a thorough-going one since 1991). In this important document rather little is made of the issue there that is the subject of this chapter. The most significant mention of the South China Sea is in the context of a range of other tension points in the Asia-Pacific. 'The Korean Peninsula, Taiwan, and the South China Sea', the White Paper tells us:

> will remain points where a range of regional and international interests converge. Tension in these spaces is likely to continue, fuelled by multiple protagonists, some of them unpredictable. Any conflict in these areas would have a serious impact on security and confidence in the wider region.[2]

Admittedly this White Paper appeared just as the period often regarded as an era of China's growing assertiveness was kicking off. In that context, the White Paper seems to have struck an anticipatory note with the important judgement that while 'China benefits from and contributes to regional stability and prosperity, but there will be a natural tendency for it to define and pursue its interests in a more forthright way on the back of growing wealth and power.'[3] The fact that this comment appears in the paragraph before the above cited words which mention the South China Sea should not go unnoticed. One can also observe some rather general language about the norms of international behaviour which it is in New Zealand's interests to preserve and draw implications for the South China Sea question. Especially pertinent in this respect is the paragraph where the authors of the White Paper argue that:

> A rules-based international order based on values sympathetic to New Zealand's own constitutional and legal heritage has been of lasting benefit to us. Such values include the primacy of the rule of law, constraints on the unilateral exercise of force, and extending the same rights and responsibilities to all nations regardless of size or allegiance. We therefore want the current rules-based order to continue as the basis of inter-state relations.[4]

Similarly significant is a portion of the White Paper three pages on which observes that New Zealand has

> a national interest, additional to our role as a good regional and international citizen, in supporting efforts to safeguard freedom of commerce and navigation. This is particularly the case in Southeast Asia where as much as a quarter of the world's commerce passes through the Straits of Malacca each year.[5]

As anyone who has followed the language used by some of New Zealand's security partners in respect to the South China Sea (and the East China Sea), these words send some fairly deliberately calibrated messages about New Zealand's interests. A magic triumvirate can be found if we combine portions of these passages (1) the rule of law (2) the need to limit the unilateral use of force in

[2] New Zealand Government (2010, p. 30).

[3] *Defence White Paper 2010*, p. 30.

[4] *Defence White Paper 2010*, p. 17.

[5] *Defence White Paper 2010*, p. 20.

addressing disputes and (3) the primacy of the freedom of navigation. All that is really missing here in terms of the formula adopted by Japan, Australia and the United States is the specific reference opposing the use of *coercion* to change the *status quo* (although such a point would certainly be in keeping with the White Paper's broader philosophy).

Very little in the way of negative regional responses to these general principles of New Zealand's defence policy was evident at the time, at least not in public. This contrasted significantly with Australia's experience. The Rudd government's 2009 White Paper, which adopted a much more worrying tone about the consequences of China's military build-up, and their implications for Australian defence capabilities, did very little to improve the atmosphere of China-Australia relations.

This contrast will be returned to later, but for now it is important to note that in its published statement of New Zealand's defence policy, the Key government had some of its lines ready for the disturbances that would later comes over the South China Sea. These words were ready before the standoff between China and the Philippines over the Scarborough Shoal in 2012 (which concluded in Beijing's favour and without US intervention). And these were certainly ready for the rise in tensions between Hanoi and Beijing after a Chinese oil rig was moved into disputed waters. It was this mid-2014 dispute which drew the particular attention of many of New Zealand's traditional partners, featuring as it did the assembly of significant numbers of Vietnamese and Chinese vessels in dangerously close proximity of one another, the firing of water cannons, the bumping if not ramming of vessels, and eventually in Vietnam large scale public protests against China with commercial interests (not all of them in fact Chinese) targeted.

As these tensions mounted, and the prospects of a more serious escalation at sea between Vietnam and China seemed to grow, New Zealand's neighbour and closest partner was comparatively quick to express its concern. In May 2014 the Abbott government issued a media release supporting the concerns which had been expressed at the ASEAN Summit and making the general point which called non-specifically on the 'parties to exercise restraint, refrain from provocative actions that could escalate the situation and take steps to ease tensions.'[6] But stronger versions of this concern would also come. Later that month, speaking at the International Institute for Strategic Studies Shangri-La Dialogue in Singapore, Defence Minister David Johnston stated that:

> The use of force or coercion to unilaterally alter the status quo in the East China Sea and the South China Sea is simply not acceptable. We urge all parties to exercise restraint, restrain from actions that could increase tensions, to clarify and pursue claims in accordance with international law including the 1982 United Nations Convention on the Law of the Sea.[7]

[6] Australian Department of Foreign Affairs and Trade, Statement on Developments in the South China Sea, Media Release, 14 May 2014, http://www.dfat.gov.au/media/releases/department/2014/dfat-release-20140514.html.

[7] Senator David Johnston, 'Managing Strategic Tensions', address to IISS Shangri-La Dialogue, 31 May 2014, http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/2014-c20c/plenary-3-bce0/senator-david-johnston-4254.

Two aspects of this formula of words are especially noteworthy. The first is that they reflect a meeting of minds between Australia and its two Trilateral Strategic Dialogue partners, the United States and Japan. The sense that Australia was part of a team effort was palpable at the Singapore event (which the author attended), and was also reflected in some of the Australian media commentary.[8] And this was not a team effort that affected all of the parties to the South China Sea dispute equally: there was a message here in particular for China. Indeed, Bejing had reacted angrily when the same three partners had used very much the same formula of words in 2013 in relation to the Senkaku/Diaoyu island dispute between Japan and China where they issued a statement opposing 'any coercive actions that could change the status quo in the East China Sea.'[9] China is of course the only common disputant in the East China and South China disputes (excepting Taiwan), and this linkage increases the geopolitical stakes for the ASEAN countries with South China Sea claims and all those countries concerned about these developments. Japan's offer of support for Southeast Asian countries seeking to build their maritime capabilities, repeated by Mr Abe at this same IISS dialogue, is further evidence of this entanglement. And there is no better way of guaranteeing that Beijing will take umbrage on an issue than by linking it in some way to China's adversarial relationship with Japan.

23.4 New Zealand's Response

While it had a set of words ready in its 2010 Defence White Paper which might have been utilized as tensions between China and Vietnam grew, the New Zealand government was noticeably more reticent than Australia in entering the fray. This reticence was nothing new, because in its first two terms of office John Key's governments have not made foreign and security policy a major part of their public persona, with the exception of the successful campaign for a UN Security Council non-permanent seat which will ironically put greater pressure on Wellington to make its views clear. As concerns grew that Vietnam and China might end up in a shooting war, and as concerns were also growing about Japan-China tensions in the East China Sea, this author argued in an opinion piece that the time had come for the New Zealand government to end its relative public South China Sea silence.[10]

Within a few days there was a statement from the Key government. But rather than deliver it in a public speech or as a press statement, the comments were made by Foreign Minister McCully in a regular appearance before the parliamentary foreign affairs and defence select committee on 5 June 2014. Knowledge that these comments had been made was not initially very widespread, and knowledge of their

[8] For example, see Wroe (2014).

[9] See Ayson (2013a).

[10] 'Too much at risk to stay quiet' *DominionPost*, 30 May 2014, http://www.stuff.co.nz/dominion-post/comment/10102271/Too-much-at-risk-to-stay-quiet.

contents was limited largely to those who happened to attend the committee's proceedings: while Mr McCully made his comments in person, they were not presented in written form. This author sought an audio recording from the select committee which he then transcribed, finding that Mr McCully told the Select Committee that:

> New Zealand shares the concern expressed by many in the region at the escalation of tension in the South China Sea.

The Minister said that events in the South China Sea were of 'great importance to New Zealand' as they have 'the potential to undermine regional and maritime security.' He then outlined four aspects of New Zealand's position:

1. 'We do not take a position on the particular claims in the South China Sea.'
2. 'We continue to urge all parties to exercise restraint and avoid actions that could inflame the situation.'
3. 'We encourage parties to resolve issues peacefully in accordance with international law including the United Nations Convention on the Law of the Sea.'
4. 'New Zealand encourages the development and early conclusion of the ASEAN-China code of conduct for the South China Sea.'

It seems unfortunate that these comments could not be found on the websites of the Ministry of Foreign Affairs and Trade website or the central government (Beehive) website because they allowed New Zealand's concerns to be expressed in a way that avoided taking a particular side on this divisive issue. The language seems closer to the types of comments some of New Zealand's ASEAN partners would use (if and when they chose to air their views), although of course the positions of Vietnam and Philippines among this group tend to be much stronger and more pointed at China. There are of course words in the 2010 Defence White Paper (as explained earlier) which, if reiterated, would have brought New Zealand closer to the positions adopted by its traditional security partners—Australia and the United States. But instead New Zealand's approach at least on this occasion was closer to the style of a comment issued by the European Union on East China Sea issues in 2013.[11] In the latter example, the call for *all* parties to urge restraint is important, as is the emphasis on international law and the UN Law of the Sea Convention. But the choice to avoid the limelight with the comments presented by Mr McCully reflects a preference to keep New Zealand's view out of the public debate, even if in official meetings in the region (including in the ASEAN Regional Forum) there may be greater knowledge among regional officials about how Wellington sees things. If this latter point is accurate, it is hard to verify because again the New Zealand government has not tended to make its contributions to these meetings public knowledge.

[11] See 'Declaration by the High Representative Catherine Ashton on behalf of the European Union on the establishment by China of an 'East China Sea Air Defence Identification Zone', 17082/1/13 REV 1, 28 November 2013, Brussels, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/139752.pdf.

When a vacuum is left in the public policy arena, sometimes it can be filled, and this is what then seemed to happen when Prime Minister John Key visited the United States in the same month (June 2014) and visited with President Obama. The White House then issued a Fact Sheet[12] which suggested that New Zealand was on board with an approach to South China Sea issues that was much more in line with US, Australian and Japanese thinking. 'Regarding regional maritime disputes', the Factsheet reads:

> the United States and New Zealand are united in supporting the peaceful resolution of disputes, the respect for international law and unimpeded lawful commerce, and the preservation of the freedom of navigation and overflight.

This unequivocal statement encouraged a clear impression that the New Zealand government was willing to bring these issues, which had not been in McCully's oral parliamentary statement, into the open. There were, it must be said, some points of commonality. For example the Fact Sheet also notes that:

> In the South China Sea, the President and the Prime Minister called on ASEAN and China to reach early agreement on a meaningful and effective Code of Conduct.

And it also holds to a position similar to that which had appeared in the Foreign Minister's parliamentary comments:

> The two leaders reinforced the call for claimants to clarify and pursue claims in accordance with international law, including the Law of the Sea Convention.

But in between is a rather more pointed and significant set of words:

> In discussing the need for diplomatic and dialogue to resolve disputes, the two leaders rejected the use of intimidation, coercion, and aggression to advance any maritime claims.

The reference to intimidation, coercion and aggression is very close to the Trilateral Strategic Dialogue formula which has already been alluded to. It appears to join New Zealand to the ranks of the United States and Australia in adopting a form of words that Japan uses to criticize China for its actions in the East China Sea. It is language that is also used for similar purposes with respect to the South China Sea. In other words, this suggests that New Zealand's Prime Minister has joined the American President in identifying China as the problem. These seem to be words of very strong alignment on the South China Sea.

But the Fact Sheet was not issued as a joint statement by the American President and New Zealand Prime Minister: it was instead an American record of their conversation released by the Oval Office. Having made some of the points about what these comments implied about New Zealand's positioning on the issue which appear in the immediately preceding paragraphs,[13] the author was told by more than one New Zealand official that the statement was an American one and should be

[12] See Office of the Press Secretary, The White House, Fact Sheet: The United States and New Zealand: Forward Progress, 20 June 2014, http://www.whitehouse.gov/the-press-office/2014/06/20/fact-sheet-united-states-and-new-zealand-forward-progress.

[13] This was in a public lecture which in revised form was published as Ayson (2014).

treated as such. In a strict sense of course this is true. But there are still some ends which remain loose on this score. The first is that even if this is to be taken as a unilateral record, it still makes some specific claims about what the two leaders agreed. The author has not seen anywhere, or heard anywhere, a New Zealand attempt to specifically correct the record or to offer an alternative account of what was said. The second is that researchers may wish to discover whether New Zealand officials had any awareness of what was about to be said by the United States, and whether any opportunity was taken (or not taken) to seek to adjust the record. The third is that perceptions matter in this situation. It is difficult to avoid the conclusion that for at least some countries in the region, this document, albeit an American Fact Sheet and not a joint statement, has increased the sense of proximity between the New Zealand and American positions on the South China Sea.

New Zealand's foreign policy stance in Asia depends on much more than this. An arguments can be offered for why this marks such a significant point for perceptions of New Zealand's approach. In a period when public statements of New Zealand's foreign policy settings were so rare, including the virtual non-existence of Foreign Ministerial speeches, very small and sometimes even indirect nuggets are often all that can be used to determine New Zealand's declaratory policy on an issue such as this. It must be admitted that this there was some degree of follow-up in New Zealand's comments on this question. In a major address on Foreign Policy in Wellington in the lead up to the 2014 general election (in which the Prime Minister's Party was returned to office), Mr Key did used the McCully formula on the South China Sea—and avoided the more pointed comments that had been made by the WhiteHouse in Washington.

But these comments were made in response to a question from the author. They had not been carried in the main text. Moreover, to continue a somewhat disappointing tradition in the recent years of New Zealand foreign policy, a written version of this speech was not made available. Historians will have a hard time deducing New Zealand's declaratory position if all they have to work from is a page of bullet points, assuming that these are eventually made available.

23.5 Explaining New Zealand's Approach

The Key government's relative quietude in terms of major issues of foreign policy, especially when they involve delicate choices, may itself be one explanation for the general issue as to why New Zealand has been relatively quiet on the South China Sea issue. This seems consistent with its reluctance to make major and defining statement on issues of international politics. It is only New Zealand's recent joining of the Security Council which has seen that approach begin to change, and here Wellington's focus has been on challenging questions not in Asia but in the Middle East. Indeed New Zealand's reticence about speaking out has been most obvious on questions of some sensitivity in East Asia.

In this connection, it not just on the South China Sea where it can be difficult to locate New Zealand's public position. What Wellington has said about China-Japan relations, for example, can be reproduced on a very small matchbox. The contrast here as well with Australia is quite striking. In November 2013 China rather abruptly announced the establishment of an Air Defence Information Zone in the East China Sea. The Abbott government took objection to this development, along with its formal ally the United States and formal security partner Japan. There was also more of a rhetorical element to this criticism, at least from the leading power with the United States flying aircraft through the declared ADIZ to illustrate that its power projection capabilities and freedom of overflight had not been interrupted, and to demonstrate to allies like Japan that its ability to make good on commitments had not been upset. But as this author explained at the time, the silence from Wellington on China's new zone was deafening.[14] At about the same time that Australia was expressing its concern very loudly New Zealand's defence minister was on his way up to Beijing. When asked by a journalist what he hoped to accomplish on the visit, Dr Coleman was reported to have said that his aim was to bring some balance in New Zealand's relations given the recent improvement in strategic ties with the US. During that visit, no public criticism from Dr Coleman was made about China's recent approach to maritime matters in Asia, but I have been assured that some sort of concern was expressed in private.

Why then has New Zealand been reluctant to take strong public positions on Asian strategic developments, including the tensions over the South China Sea? And why at times has it even seemed reluctant even to issue innocuous comments, especially given the range of reasons outlined at the beginning of this chapter as to why New Zealand might be expected to be concerned enough to do so? One possible answer is a tactical one: that the Key government has seen little point in public displays of criticism and thought them potentially to be counterproductive. This could be the justification for the quiet diplomacy approach which is sometimes also used to explain why New Zealand does not tend to be very vocal on human rights issues (which, apparently, are also taken up in private with China's leaders). It could reflect a concern that public criticism could back China into a corner, encouraging a worsening of a crisis and emboldening those countries with competing claims in the South China Sea to act provocatively.

But this is more likely to be an issue of strategy, even if strategy is not always laid out in clear terms and can be implicit as well as explicit. One strategic answer is simply that New Zealand is comfortable with the status of its major power relations in the region. A vocal stand on the South China Sea, by this logic, is likely to see New Zealand occupy a position that undermines that delicate balance. More specifically such a stand may undermine the reputation for foreign policy *independence* that successive New Zealand governments have sought to maintain.

This quest for an independent reputation is no trivial matter at a time when New Zealand's strategic relationship with the United States has improved

[14] Ayson (2013b).

markedly. Having fallen out over New Zealand's nuclear free policy in the mid-1980s, it was in large degree thanks to Wellington's commitment of forces in Afghanistan that their a closer security partnership began to look possible in the post-9/11 era. But this improvement was also thanks to American concerns about China's rise in Asia which drove Washington to build a wider range of partnerships in the region than afforded by the set of its traditional alliance relationships which, while active and important, only extended to a handful of countries. By this time, however, New Zealand was enjoying a mutually beneficial economic relationship with China (which has since become its leading trade partner, eclipsing Australia).[15] Wellington appears more comfortable than its close neighbour with the reality of a stronger China in Asia alongside a strong United States. Having indicated early in his premiership that he did not have a problem with the idea of two superpowers in the region, John Key has more recently indicated that New Zealand has different types of relationships with the United States and China and that both of these major powers understand that situation.

In this context, New Zealand governments have generally been wary about taking opportunities to align closely with the United States in situations where this might easily be seen as indicating a choice in Washington's favour and against China's. This is probably part of the explanation for Wellington's caution on the South China Sea, not least because of the widespread view that China has been the main actor in these rising tensions, and because of the reality that China's growing weight has given Beijing new options in supporting its claims. It probably also helps account for New Zealand's relatively quiet approach on other regional maritime issues, including the East China Sea where the United States and Australia, its traditional security partners, have been very willing to come our publically in strong support of Japan. There is some delicate threading of the needle required for New Zealand here, in part because with the 2012 Washington Declaration it is committed on paper to working more closely with the United States on maritime security in the wider Asian region. This includes cooperation on 'the development of. . .deployable capabilities, in support of peace and security in the Asia-Pacific.'[16] But the Key government has resisted the idea that these closer links have in any way altered its foreign policy independence. As the Washington Declaration was still fresh, New Zealand's Foreign Minister McCully was quoted as saying that 'We've made it very clear to the US Administration from the beginning that we greatly value our independent foreign policy as a country' and that 'We don't want to go back to the 'good old days' of the alliance.'[17]

[15] For a comparison of New Zealand and Australia's approach, see Robert Ayson (2012).

[16] Washington Declaration on Defense Cooperation Between the Department of Defense of the United States of America and the Ministry of Defense and the New Zealand Defense Force, 19 June 2012, p. 3 http://www.defense.gov/news/WashingtonDeclaration.pdf.

[17] Young (2012).

23.6 Conclusion

Under these circumstances, New Zealand's relative quietness on the South China Sea may remain something of an anomaly alongside the approaches taken by its traditional security partners, but it perhaps becomes a more understandable anomaly. It is quite possible that New Zealand Ministers have made the calculation that their country stands more to lose than to gain in overall terms from taking a firmer and more robust line in public. This is not to suggest that New Zealand would be reluctant to take a stand in all circumstances. But avoiding the limelight on the South China Sea has been the preferred option.

One is lead to wonder in the early months of 2015 what circumstances would cause Wellington to come more firmly to a strong public position. There is no question that so many of New Zealand's interests, for example, rest on the maintenance of interstate peace in the Asia-Pacific region. At one level the main participants in the South China Sea contest may have very little intention of spoiling that situation, because they all derive benefits from regional peace. Instead the pattern, which they are not alone in following, is to raise the pressure through measures considerably short of war. Stand-offs may occur, but this does not mean that armed conflict is in any way seen as a desirable means of advancing ones interests. But as an exercise in risk-taking, the raising of pressures in the South China Sea is a hazardous game, especially against the backdrop of the changing distribution of regional power, which is generally developing in China's favour. New Zealand has been more comfortable with Asia's changing geopolitics than some of its Asia-Pacific partners. And this may be one of the main reasons for its relative quiet on the South China Sea.

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Part V
The Way Forward

Chapter 24
Pacific Community for Peace and Governance: Towards a Framework for Peace and Security in the Pacific

James D. Bindenagel

24.1 Introduction

Burgeoning conflicts in the Western Pacific have captured world attention. Increasing conflict over competing claims of sovereignty between China and its neighbors have led to confrontations in the air and on the sea, notably with Japan over the Senkaku/Diaoyu Islands in the East China Sea and with Vietnam in the South China Sea.

The South China Sea is a critical area that links the Pacific and Indian Oceans, and nearly 50 % of global merchant traffic and 80 % of crude oil transports en route to Japan, South Korea, and Taiwan pass through its sea lanes.[1] The sea lanes are globally important.

What is at stake in securing sovereignty over disputed territory such as the Spratly and Paracel Islands is the direct control over some of the world's most important sea-lanes. However, this area is claimed, in whole or in part, by China, Taiwan, Vietnam, Malaysia, Brunei, and the Philippines. Although the total area of the islands does not exceed ten square kilometers, the Spratly Islands' geostrategic and economic significance is invaluable.[2]

To underscore its claims to the disputed South China Sea Paracel Islands and the resources it contains, China deployed in May and June, 2014 a China National Offshore Oil Corporation (CNOOC) deep-sea oil rig in waters contested by Vietnam. Beijing's decision prompted Vietnam to deploy its coast guard or naval

[1] Rodrigues Dr. Jean-Paul, and Notteboom, Strategic Maritime Passages: The Strait of Malacca. https://people.hofstra.edu/geotrans/eng/ch1en/appl1en/ch1a2en.html.

[2] Dosch (2011).

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vessels to assert its own claim to the area and accelerate its efforts to draw in foreign partners for oil exploration and production. Beijing may have calculated that Vietnam would be unwilling and unable to make any serious attempt to stop the Chinese drilling. CNOOC withdrew the oil rig in July 2014, after violence against Chinese firms in Vietnam erupted.[3] Seemingly rational strategic arguments have shaped the dispute; however, rising nationalism plays an important role as well, as we have recently seen in the Vietnam-China dispute over the Chinese National Overseas Oil Company drilling rig in Vietnamese-claimed waters.

The growing antagonism between—and the increasingly belligerent posture of—these key regional actors threatens not only the freedom of navigation but also regional stability more broadly. A negotiated solution is required before a minor incident might trigger a larger confrontation that, amidst escalating tensions, might not be controlled. The two great powers China and the United States have a responsibility to manage these conflicts, especially in the South China Sea.

As the result of China's participation in world trade and its consequent growing demand for overseas energy and raw materials, Harvard's International Review reports that the South China Sea has become an increasingly important resource for Beijing.[4] Chinese President Xi Jinping's goal to achieve "a Chinese dream" of a "great rejuvenation of the Chinese nation" signals the return of great power politics that could undermine China's peaceful rise to global power status.[5] China promotes historical rather than legal justification in forceful enforcement of claims with military and technological capabilities to push its maritime boundaries. Beijing's strategy has energized nationalisms in South China Sea confrontations.

Resorting to nationalist appeals is a quick, but highly risky device for leaders to try to drum up domestic support. Abroad, nationalism increases fear and animosity in reaction. Robert Kuhn describes Xi Jinping's nationalism as a "strategy of 'offence is the best defense'—an inoculation, as it were, against the political virus of being labelled 'soft' or 'pro-Western'. Reformers in China are generally associated with pro-American attitudes and thus subject to fierce public criticism, even ridicule. By establishing himself as a strong-willed nationalist, operating independently of the US, Xi secures economic reforms by distinguishing them from serving Western/American interests." [6]

In the view of Dr. Nguyen Hung Son of the Vietnamese Foreign Ministry, the China dream includes monopolizing or fully controlling the seas within the first chain of islands from Japan, to Okinawa, Taiwan and the Philippines to the South China Sea.[7]

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[3] Kreuzer (2014, p. 18).

[4] Dosch (2011).

[5] Kuhn (2013).

[6] Kuhn (2013).

[7] Lam, Viet, "China's rise and Vietnam's choices", interview with the author and Dr. Nguyen Hung Son, Deputy Director of the Institute for East Sea Studies, Vietnamese Ministry of Foreign Affairs, VietNamNet, August 14, 2014, http://english.vietnamnet.vn/fms/special-reports/109691/china-s-rise-and-vietnam-s-choices--part-1-.html.

China's policies have led to diplomatic clashes not only with its neighbors, but also with the United States, which remains a—if not the—major actor in the region. China contests U.S. interests in Asia, the South China Sea, and the East China Sea, which President Obama has reaffirmed with his policy of re-balancing US engagement towards the Pacific.

According to analysts at Stratfor, a US-based international security consultancy, the 'United States is looking very clearly at what the Chinese are doing in the South China Sea and beginning to reshape U.S. defense policy in the region to maintain U.S. control over access in the area.' [8] This access, more generally, the freedom of the seas, is also the anchor of American global security policy that allows the U.S. Navy and Air Force areas of operation. [9] Speaking in Singapore, Ambassador Christopher Hill argued that" the U.S. will continue to stay fully engaged in this region." [10] At the same time, United States combines strong and traditional bilateral relations and participates in multilateral institutions and fora to diplomatically resolve land or sea disputes, including in the field of security. America's role as a great power is to help manage and defuse conflicts, maintaining open international sea lanes and legal issues.

Can the United States, an Asia Pacific power that has long played a stabilizing role in the region, collaborate with China in its peaceful rise and work with other countries in the region in managing maritime sovereignty and security in the Pacific?

A major problem in this regard is the lack of established and entrenched cooperative structures in the region, which provide the institutional underpinning for the necessary bi- and multilateral consultations. There is no equivalent to NATO or the European Union, although regional governments in Asia are in fact working to build multilateral and bilateral international structures around the Association of South East Asian Nations (ASEAN). ASEAN provides for consultation, negotiation and cooperation but lacks enough power and rights to judge and enforce countries respect for laws and conventions. This article ventures to propose discussions that provide a basis for the creation of a 'Framework for Peace and Security in the Pacific.'[11]

An agenda for such a Framework for Peace and Security in the Pacific should address five questions to meet the peace and governance challenge in the Asia and the South China Seas by: (1) preventing violent conflicts; (2) managing practical issues of environment, maritime management, resource development multilaterally; (3) developing Asian "ownership" of the conflicting claims through the justice

[8] Stratfor Global Intelligence, "Dispatch: Sea Lanes, Natural Resources at Stake in the South China Sea", Video Transcript, May 25, 2011, http://www.stratfor.com/analysis/20110525-dispatch-sea-lanes-natural-resources-stake-south-china-sea#axzz3Q7cDugNn.

[9] Kreuzer (2014, p. 18).

[10] Hill, Christopher R., "Multilateral Matters" (Center for Multilateralism Studies, Bulletin, Issue 1), S. Rajaratnam School of International Studies (RSIS) at Nanyang Technological University, Singapore, October 2011.

[11] Frost (2009).

system; (4) creating new structures for governance and cooperation; and (5) defusing emotional issues of history, especially lack of post-WWII reconciliation.[12]

24.2 Preventing Violent Conflicts

All parties, U.S., Chinese, Japanese and regional leaders should set aside the use of force to resolve tensions, such as those over the Paracel, Senkaku/Diaoyu and other Islands. The Declaration on the Conduct of the Parties in the South China Sea signed in 2002 has contributed to the easing of tensions following naval conflicts between China and Vietnam in 1974 and 1988 and between China and the Philippines in the 1990s.[13]

China looms largest in its historic and peaceful rise that will determine whether conflict will be prevented in Asia. Of the various threats to peace and security in the Pacific, China has pursued an increasingly aggressive policy in regard to its claims of the sea and has resisted the openness that would make its actions more transparent and give its people greater access to information that could improve Chinese understanding of their Pacific neighbors.

The U.S. remains an Asia Pacific power and will be engaged with all the parties in the region to play its role in maintaining peace and security. Lessons could be drawn for similar efforts by the U.S. and Europeans after World War II have contributed reconstruction, reconciliation and regional peace in Europe for 70 years.

The United States Asian presence in regional security will not undermine China's peaceful rise and the U.S. will reject calls to do so. The United States has been sending conflicting signals about its goals in the region. The U.S. president's approach to China's rise has been to engage and hedge—to seek to draw Beijing into the international system while refurbishing its own regional alliances. More recently, Chinese assertiveness in the East and South China Seas has led US policy to tilt towards a sturdier "engage and compete".[14]

Chinese vice Premier Wang Yang, following a violent reaction by the Vietnamese public in response to China deployment of the CNOOC oil rig in its dispute with Vietnam, asserted that Chinese policy is not to 'upend the U.S.-led global order, contradicting a belief that has been growing. . .' Wang Yang stated in Chicago that America 'still leads the world.'[15]

[12] Nguyen Anh Tuan, Boston Global Forum Conference series, Boston, September 17, September 30, December 12, 2014, Professor Joseph Nye, moderator.

[13] Kreuzer (2014, p. 15).

[14] Stephens (2014).

[15] Brown, (2015, p. A6).

East Asia, Robert D. Kaplan argues, "is not about ideas in conflict; it is about nationalism, lines in the map, and geography."[16] Although there was a public groundswell of anti-China sentiment in Vietnam when the oil rig moved off the Vietnamese coast, Beijing was not deterred. It has a compelling desire to defend what it claims to be its maritime territory, although its historical claim is not based on international law. As the smaller country, Vietnam has few good options. Vietnam has to choose a course carefully and has reached out to the United States to help stabilize the region.

Hanoi knows it needs stable relations with China. Given the Vietnam War with the United States, it appears ironic that Vietnam looks to the United States to support stability in the region. However, Vietnam is open to U.S. investment as seen at Ho Chi Minh City Tân Sơn Nhất International Airport, where one can find bustling business life and a welcome mat for American investment. US Investments in Vietnam also include a naval servicing facility at Cam Ranh Bay, a deep-water bay, which is now repairing American Navy ships.

The United States, for its part, is concerned over regional stability, the openness of global commercial sea lanes, as well as legal status issues. Barry Buzan writes that the "US has adopted a swing power strategy in which it positions itself as a member of three macro-regions (Asia-Pacific, North Atlantic, Western Hemisphere) as a way of legitimizing its actual presence as an outside power in Europe, East Asia and Latin America."[17]

China's action increasingly draws its neighbors to seek similar outside assistance and military cooperation to counterbalance a more aggressive China. If China's ultimate aim in the region is to reduce the role of the U.S., policies that dominate neighbors will likely have the opposite effect.

24.3 Managing Practical Issues Multilaterally

There are many maritime and sovereignty issues to be addressed, including such practical issues of managing jointly the environment, maritime resource development and large marine ecosystems. In this situation, all governments share the responsibility to prevent explosive conflicts. The issues in conflict prevention—avoiding military action in this region of conflict—call for East and Southeast Asian countries to build a larger political framework to manage issues in the region to pool strength to overcome China's preference to conduct relations bilaterally. We are witnessing an underreported military buildup in the area where the Western Pacific meets the Indian Ocean that calls forth the need to manage practical issues of environment, maritime management, and resource development.

[16] Kaplan (2014).

[17] Buzan (2004).

Despite growing nationalisms, within and in reaction to China's rise, which threaten peace, efforts should be made to work cooperatively with China—not to contain it. Japan, China and other nations such as Vietnam and the Philippines should set aside the unresolved issues and turn to joint management of national interests in fishing, energy and resource development.

One way to achieve greater trust is through 'Codes of Conduct' in the East and South China Sea, which are necessary to manage maritime operations. Joint maritime policing, adherence to the Law of the Sea and maintenance of the freedom of the seas for shipping, could also help to avoid political miscalculation and military confrontation.

While Deng Xiaoping stated that China had "indisputable sovereignty" over the atolls, Ian Storey writes, it was prepared to put aside the sovereignty issue in order to pursue joint development of maritime resources with the other claimants. Singapore's Professor S. Jayakumar noted while joint development in the South China Sea is a worthwhile aspiration; one of the essential preconditions for such an arrangement to work is a climate of trust and confidence.[18] Much needs to be done to build trust. To move forward, it may seem insufficient to focus on seeming technicalities such as developing practical mechanisms for maritime cooperation. And yet, it is precisely such "technical" issues that have the potential for trust and confidence building measures.

Despite threatening conflicts in reaction to China's rise, joint management of national interests in fishing, energy and resource development could set course for a peaceful Asia. Such a functional course of action to create and strengthen cooperative regional institutions of multilateral and bilateral structures offer ways to address common challenges that no one country can address alone.

The European Union offers a model for an Asian 'Framework for Peace and Security in the Pacific' to avoid conflict. An approach modeled on the EU starting from technical cooperation could sustain regional peace.[19] Vietnam and the Philippines, like other smaller countries, have compelling interests to defend their competing maritime territorial claims, but have few good options to influence China. Hanoi and Manila know they need stable relations with Beijing and also look to Washington to continue to support stability in the region.

The high level involvement in regional governmental meetings as well as efforts for institutions to take on practical mechanisms for cooperation is especially needed where conflicts occur. Maritime management and capacity building and trust/confidence building measures are vital. Governments need to address solutions that include developing deeper cooperation and collaboration.

That is very much the lesson of Europe in the 1970s. The path embarked on through détente there, via the OSCE and other organizations and processes made

[18] Jayakuma, S. in Storey, Ian, "The South China Sea Dispute: How Geopolitics Impedes Dispute Resolution and Conflict Management". p. 10, unpublished paper, Institute of Southeast Asian Studies, Singapore.

[19] Kevin Rudd, interview with the author, April 26, 2014.

true continent-wide reforms and cooperation possible. It is also the lesson to be drawn from the history of the European Union, which emerged from a scheme for cooperation in the seemingly technical areas of coal and steel production to a comprehensive economic and political community.

While regional institutions are important in addressing common challenges that no one country can address alone, the existing multilateral and bilateral structures have not met the challenge to create and sustain the "open, peaceful, stable, prosperous and sustainable region" that former Australian Prime Minister Kevin Rudd has called for. This framework provides a basis for more that needs to be done.

Any viable framework will include that one Western Pacific power—the United States—which as an Asian power has long played a stabilizing role in the region. With the rise of China, America has turned its attention to the Pacific as a new center of world power. In this role and in Asia, the US can collaborate with China in its peaceful rise and can work with all countries having roles in maritime sovereignty in the Pacific.[20]

24.4 Developing Asian "Ownership" of the Conflicting Claims Through the Justice System

Developing Asian "ownership" of the conflicting claims through the justice system is one step to address in the context of creating a discussion of a Framework for Peace and Security in the Pacific that is to build a Pacific Community for Peace and Governance. The framework has been brought forward by the Boston Global Forum, a Harvard-based discussion group.[21]

President Xi Jinping's reform agenda of the "Chinese Dream" is perhaps more a policy to navigate the complex domestic political tensions than an outright threat. Christopher Hill notes that "China's institutions are pitted against one another as never before. The internal security services compete against the military for resources and influence, and both compete against civilian institutions. Moreover, one government agency often has no idea what another is doing. Adjudication of institutional competition sometimes must go all the way to the top, where Chinese leaders struggle to maintain control and balance."[22]

[20] U.S. Department of State, Bureau of East Asian and Pacific Affairs, interview with the author, January 2014.

[21] Boston Global Forum, Cambridge, MA, December 12, 2014, http://www.bostonglobalforum.org/2014/12/bgf-announced-a-framework-for-peace-and-security-in-the-pacific-2015/.

[22] Hill, Christopher R., "China's Fear Strategy, Project Syndicate", February 21, 2014, http://www.project-syndicate.org/commentary/christopher-r--hill-explains-why-china-has-gone-from-soft-power-juggernaut-to-neighborhood-bully.

It is apparent that President Xi Jinping is promoting a return to the nationalist past in China. For example, he openly recognized Confucius's contributions to Chinese culture and history. There is understandable interest in traditional Chinese culture, as a part of a political effort to stabilize the country in the aftermath of great economic growth and change. Such pressures have foreign policy implications that complicate regional conflict prevention. Hill contends that nationalism in China often serves as a proxy for popular frustration with the domestic authorities and Japanese, Filipino, South Korean, or Vietnamese sensitivities are secondary.[23]

Specifically, President Xi has set out to achieve national unity in "a Chinese dream" of a "great rejuvenation of the Chinese nation" and among his dream priorities are restoring Taiwan to China, regaining the Diaoyu or Senkaku islands from Japan and "taking back sovereignty of the South China Sea" the maritime territory that is disputed by more than ten countries.[24]

Consequently, it is extremely important to find a diplomatic resolution to the reluctance of China to engage the court system and employ principles of rule of law for claims they assert. China has chosen, as allowed under the International Court of Justice, not to participate in a court settlement with the Philippines.[25] Bonn University Professor Stefan Talmon has written that China has chosen not to participate in the Law of the Sea court UNCLOS, which it signed, because the legal case on sovereignty is not the historical claim it has with the 9-dash line from historical maps.[26]

Even as Beijing ambitiously claims the entire South China Sea, bounded by the so-called nine-dash line, it has little presence on any island, except a few atolls and reefs in the distant Spratly Island chain.[27] China's navy is not currently large enough to overcome the logistical challenges such distances present, so its ability to project its dominance throughout the maritime sphere is limited. Instead, Beijing's strategy seems to consist of three steps:

- China uses the nine-dash line as a historical justification for its territorial claims in disputed waters.
- China enforces its claim in tactically advantageous areas where it has a very small presence, such as the Paracel Islands and the Scarborough Shoal, which it seized from the Philippines in 2012.

[23] See footnote 22.

[24] Lam, Viet (See footnote 7).

[25] Kreuzer (2014, p. 18).

[26] Talmon (2014, p. 64).

[27] "Assistant Secretary of State for East Asian and Pacific Affairs Danny Russel, testimony before the House Committee on Foreign Affairs on February 5, 2014, said, "Under international law, maritime claims in the South China Sea must be derived from land features. Any use of the 'nine-dash line' by China to claim maritime rights not based on claimed land features would be inconsistent with international law. The international community would welcome China to clarify or adjust its nine-dash line claim to bring it in accordance with the international law of the sea." Bader (2014), http://www.brookings.edu/research/opinions/2014/02/06-us-china-nine-dash-line-bader.

- China continues to develop its military to carefully push its maritime boundaries farther without antagonizing all of its neighbors at once.

The more China presses its claims backed by force, the more it will end up undermining its peaceful rise as a global power. Promoting nationalism at the cost of rule of law and collaboration with neighbors would take China in the wrong direction. The South China Sea confrontations are dangerous, which Robert D. Kaplan argues is likely to be a "hinge point for global war and peace for the foreseeable future."[28]

Kaplan wants observers to understand Chinese expansion into the South China Sea. The map of the Middle Kingdom looms large if one recognizes China's not yet realized possibilities for power projection in the South China Sea, the East China Sea, and the Russian Far East. Kaplan does not argue that conflict is inevitable. Navigating these issues will be the challenge for policymakers for decades to come, but stability for Kaplan is attainable if people recognize that China is not a rouge state and that its rise in the twenty-first century has been "very natural and organic."

Given that hands-on experience, a suitable framework for governments to develop deeper cooperation and collaboration must address the following dimensions: All parties should agree on the rule of law for resolution of disputes. Greater use of and respect for international law, including the law of the sea (UNCLOS), is vital, as is strengthening principled norms and values, including openness, transparency, and freedom of information. States' "ownership" of the conflicting claims through International Court of Justice as well as the Code of Conduct and an international convention/law on cyber and data security. This is a primary commitment not to use force to resolve disputes.

24.5 Creating New Structures of Governance

The current regional architecture includes the East Asian Summit, ASEAN, ASEAN Regional Forums, and ASEAN +3 (China, Japan, South Korea) with observers from U.S., India, Australia and New Zealand. China prefers bilateral negotiations where its influence is greatest, it has been supportive of one group, the ASEAN + Three Process (which has a defined membership of 13 East Asian states, among whom China can expect to play a predominant role). Japan has favored the grouping of the wider 16 member East Asia Summit as a basis for long term enhanced cooperation (in which the 13 ASEAN plus Three members are joined by India, Australia and New Zealand). Both groups operate alongside each other but with overlapping agendas, for example in pursuit of trade liberalization.

In his paper on Australia's proposal for an 'Asia Pacific Community', Dr. Frank Frost explained the context: "In the last four decades substantial efforts have been

[28] Kaplan (2014).

made to pursue inter-state cooperation in the very diverse regions of East Asia and the wider Asia Pacific. For many years, in the aftermath of World War II, such efforts were hampered by the impact of post-colonial transitions and the impact of Cold War tensions. However, from the late 1960s, substantial efforts at cooperation began to be made by states in the region and in the four decades since, a number of regional groupings have developed to help advance economic and political security."[29]

Prime Minister Rudd argued in 2008 that regional cooperation was desirable to review the long-term vision for the architecture for the Asia Pacific region. Today the challenge of cooperation is tested by conflicts over "oil reserves of several billion barrels, an estimated nine hundred trillion cubic feet of natural gas, and several centuries' worth of competing territorial claims, the South China Sea in particular is a simmering pot of potential conflict."[30]

China should move to improve its relations with its neighbors and could start with a more respectful attitude toward the Association of Southeast Asian Nations. Hill notes that "Chinese leaders' insistence on bilateral negotiations with ASEAN's members, rather than with the bloc as a whole, has done nothing but fuel anxiety and resentment in the region [. . .] [and] China should encourage the development of multilateral structures—again, beginning with ASEAN—that can manage the economic benefits of disputed territories. Good fences, as the saying goes, make good neighbors."[31]

The process of integrating Asian economies into the global economy takes shape via the WTO, International Financial Institutions (IFIs) and regional economies as well as rules of global governance—enhancing transparency in government policies, granting information rights/data protection of people in all countries. Cooperation among states can also improve rights, safety and life conditions of workers and promote Corporate Social Responsibility. The background for this Framework initiative is set in the peaceful rise of China and the relations among Asian and Pacific States in the Pacific era.

24.6 Defusing Emotional Issues of History: Not Forgiven, Not Forgotten

Assisting in reconciliation, especially for historical grievances, is a pre-condition for regional security. Unresolved conflicts are the seeds of nationalism and new confrontation such as those ongoing over the Senkaku, Paracel, Spratley Islands and the Scarborough Reef. A number of states have longstanding historical differences, territorial disputes and political rivalries which can easily limit the degree of trust

[29] Frost (2009).

[30] Kevin Rudd, interview with the author, April 26, 2014.

[31] Hill, Christopher (See footnote 22).

and confidence on which multilateral cooperation might be based as seen in relations between China and Japan, China and India, or Thailand and Cambodia.

Martina Timmermann argues that this "intricate web of conflicts has stalled several other diplomatic efforts that require cooperation and trust in order to tackle current and major global concerns, from nuclear non-proliferation to climate change. To achieve reconciliation on such a diverse range of conflicts will require a mediator but, given the complexity of challenges and stakeholders involved, mediation cannot be done by one party alone. It must be a partnership among governments, business, academia, and civil society of the three stakeholders with interests in the region: the countries of East Asia, the United States, and Europe."[32]

Reconciliation is complex and Timmermann defines the problem: "History reconciliation is both a tool and a target in the long and tedious process of mutual learning on the path toward peace and prosperity; undertaken and achieved via complex and step-by-step efforts of various social actors; striving to find and foster a balance of knowledge, rational motives, and interests; subjective perceptions; and emotional factors like love and hate, happiness and sorrow, remorse and forgiveness."[33]

Civil society can help build bilateral and multilateral frameworks for security discussions that address history and reconciliation in political statements, research, schoolbooks, cultural exchanges, face-to-face visits, etc. Unresolved conflicts are the seeds of nationalism and new confrontation such as those on-going over the Senkaku, Paracel, Spratley Islands and the Scarborough Reef need to be addressed.

This initiative can promote open dialogues and exchanges of culture in order to promote mutual understanding and to follow the common standard of a civilized world with aim of containing extreme nationalism, help ensure accuracy and openness of information; ensure the freedom of information and the rights to access to information of all people in the region; organize open dialogues, exchanges among young leaders, business leaders, cultural leaders, academia, and other events to promote mutual understanding and respect.

This problem exists not only between China and Vietnam; China and Japan have still to work to manage their interwoven history. That China and Japan seem so determined to go toe-to-toe with each other is an ominous trend that has modern leaders faced with the ghosts of nationalisms past. Resurgent nationalism had terrible consequences in Europe in the First World War and as recently as the breakup of Yugoslavia. But even today, nationalism still is a dangerous challenge to a peaceful global order that all nations must have an interest in if the prosperity of their people is to advance.

China suffered 150 years of humiliation at the hands of Western imperialists and Imperial Japan. Japan could also do more to lessen tensions, for example, by fully acknowledging the extent of its aggression in the Second World War as China is rising to its rightful place in the world.

[32] Timmermann, (2014, p. 10).

[33] Timmermann, (2014, p. 12).

Japanese apologies for the atrocities committed during the Second World War have been inadequate, and have not gained acceptance from neighboring countries or helped the region move beyond historical grievances. In China, Japan has failed to achieve acceptance of its acknowledgment of the historic wrongs during the conquest of Nanjing. The controversial visit by Prime Minister Shinzo Abe to the Yasukuni Shrine, where World War II war criminals are buried, provided another significant symbol of a deficit of justice for China. Japan and China seem caught in a vortex of each country's cultural norms. In Japan apology is associated with shame and in China, the wounds of the Second World War sow seeds of new nationalism.

24.7 Conclusion on Conflict Prevention

Most important, the Chinese, Japanese and regional leaders should take the use of force off the table to resolve tension, such as those over the Paracels, Senkaku/Diaoyu Islands, Scarborough Reef and other disputes. Efforts should be made to work cooperatively with China—not to contain it, while taking care not to engage in nationalistic antagonisms. Japan, China and other nations such as Vietnam and the Philippines should set aside their unresolved issues and turn to joint management of national interests in fishing, energy and resource development. Codes of conduct in the East and South China Sea are necessary to manage maritime operations. Joint maritime policing, adherence to the Law of the Sea, and maintenance of the freedom of the seas for shipping, could also help to forestall political miscalculation and military confrontation. However, ASEAN structures continue to be built and fall short of assurance conflict can be avoided.

It is also important to benchmark what the achievements could be achieved by the year 2020, when the Olympics in Tokyo and the finalizing of the ASEAN Economic Community take place. 2020 might also be the year when other interested parties like ASEAN, Taiwan, North Korea, and Australia could join the Interregional Citizen Program for History Reconciliation program (2015–2020). The final timeline could be 2025, the year when APEC wants to have achieved its goal of regional connectivity. It would be a perfect platform to demonstrate a peaceful, sustainable, and interconnected Asia-Pacific—achieved via interregional partnership in leadership for reconciliation, which will thus become pivotal to shaping the order of the twenty-first century.[34]

The longer term challenge for South East Asia and China is how to turn enmity into amity. The best way to proceed is to begin with small steps in the resolution of many disputes.

[34] Timmermann, (2014, p. 35).

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Chapter 25
The Use or Threat of Force in the South China Sea Disputes Since 1945: A Timeline

Prepared by the South China Sea Chronicle Initiative

Van Pham

In the context of the South China Sea disputes, under personal view of the authors, the threat or use of force are acts conducted by not only military forces but also other governmental agencies, particularly law enforcement agencies, against either governmental or civil vessels of another state. Accordingly, the following activities are included in the timeline:

+ Exchange of fire between governmental agencies of two states;
+ Opening fire by governmental agencies of one state against governmental or civilian vessels of another state;
+ Activities such as blockage, ramming, sinking, water cannon firing, dousing…, taken by governmental armed vessels of one state against governmental or civilian vessels of another state;
+ Other activities of confrontational nature involving armed forces of states.

25.1 Timeline

July 1971 A Philippine fishing vessel is fired by Taiwanese forces stationed on Itu Aba.[1]

January 1974: Battle of Paracel Islands According to Bill Hayton citing Chinese navy's official history and US military documents,[2] China had planned the battle some time earlier than 1974. Mao Zedong and Zhou Enlai issues the order for the

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[1] Hee Kwon (2000, p. 92), Joyner (1998).

[2] Hayton (2014, p. 73).

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operation since 1973. The Chinese military secretly starts training around September 1973 and a tightening of security was observed in the Chinese port of Beihai. From mid-December, six fishing trawlers with hundreds of Chinese commandos are observed leaving the port each day and returning in the evening. This phenomenon continues for around ten days. Some other researches also note that the number of Chinese fishing vessels entering the waters of the Crescent group controlled by Republic of Vietnam suddenly increases in the second half of 1973.[3]

A Chinese report on the events of the Paracel battle says the conflict originates when the Vietnamese "illegally" arrested Chinese fishermen during November 1973.[4]

On 9 January 1974, Chinese fishermen moves to Robert Island close to Pattle Island occupied by Republic of Vietnam.[5]

On 11 January 1974, China's Foreign Ministry claims its sovereignty over Paracels and Spratlys. On 12 January 1974, the spokesperson of the Republic of Vietnam rejects Chinese claim. In the following days, China send people and ships into the waters around the Robert, Duncan and Drummond islands and land on these islands, erected tower and hoisted Chinese flag.[6]

On 16 January 1974, Vietnamese Navy sees two Chinese "armored fishing trawlers" are laying off Drummond Island supporting troops from the PLA that have occupied the island. Chinese troops are also observed on Duncan Island, with a PLAN landing ship moored on the beach.[7] In the evening of the same day, the Council of Cabinet of the Republic of Vietnam (RVN) Government convenes a meeting, concluding that "the situation in Paracel has become alarming" and announced the Directive of the RVN President ordering the navy to use "to the

[3] Dupont and Baker (2014), Heinzig (1976, p. 34).

[4] China Navy Encyclopedia, vol. 2, Beijing: Sea Tide Press, 1998, p. 1747. Cited in Elleman, (2010, p. 145).

[5] Ge, (1999, pp. 289–290). Cited in Fravel (2007/08, p. 75).

[6] Statement dated 16 January 1974 on the Communist China's violation of the Sovereignty of the RV over Hoang Sa and Truong Sa Archipelagoes. File No 4617-DII-CH, National Archives Center II, Ho Chi Minh City: "On 11 January 1974, the Foreign Ministry of the Communist China suddenly and falsely claimed its sovereignty over Paracel and Spratly of the RV. One day after that, the spokesperson of the RV rejected that groundless claim. However, in the past few days, the Chinese Communist Government not only did not withdraw its irrational claim but also brazenly infringed on the territory of the RV by sending people and ships encroaching in the waters around the Robert Island, Duncan Island and Drummond of the Paracel Archipelago of the RV. These people also dared to land on these islands, erected tower and hoisted the flag of the Communist Chinese, thus fragrantly violated the sovereign and territorial and territorial integrity of the RV." Cited in Luu Anh Ro, "China's use of "Fishermen disguise—strange boat" tactic to gradually take the upper hand before launching a strike to seize Vietnam's Paracel archipelago—as reflected in the archives of the Republic of Vietnam (1954–1974)," *Proceedings of the conference "Paracel—Spratly Archipelagoes: Historical truth,"* Da Nang 19–21 June 2014.

[7] Bill Hayton, *Ibid*., supra note 3, p. 74. Truong (2010).

maximum extent the international law and other measures to chase them away." "If they use force, we respond with force," written the Directive.[8]

On 17 January, 15 Vietnamese navy soldiers are landed on Money Island. By the morning of Friday, 18 January, four Vietnamese warships consisting of three destroyers and a corvette are on station in the islands and the flotilla's commander, Captain Ha Van Ngac attempts to land on Duncan Island. Two Chinese corvettes steam into the path of the Vietnamese vessels. Ngac aborts the landing.[9]

The main battle officially starts on 19 January, after Chinese troops opened fired at the Vietnamese troop arriving on Duncan Island and waving a white flag, signaling a desire to talk. Two Vietnamese soldiers are killed. The Vietnamese troop retreats. Two hours later, Vietnamese ships open fire on the Chinese vessels. At the end, the China's PLA-N fleet made up of four Hainan class fast attack craft, two mine sweepers and two fishing boats defeat the South Vietnamese force of three destroyers and a corvette. Saigon also says that China uses ariplanes to bomb Vietnamese positions on Pattle, Robert and Money islands. By the afternoon of 20 January, Chinese forces successfully seize the three islands previously occupied by Vietnamese forces. The two Chinese fishing boats participating in the battle are found to be the same boats that had been in secret training in Beihai a month before.[10]

1976 Vietnamese forces garrisoned on Southwest Cay fire on a Philippines aircraft that flew close to the island.[11]

28 July 1980 According to Vietnamese sources, the Philippine troops launch Operation Polaris-I to occupy Commodore Reef in the Southern Spratly archipel-

[8] Minutes No 32/55 of the Cabinet Council's Meeting on 16 January 1974, File No 6375—DII-CH. "The Foreign Ministry shall make every possible international and legal effort to reaffirm for the last time our sovereignty over Paracel, from historical aspect to international public law of international conferences... Use all channels to communicate with the violating countries; solemnly and widely publicize the actions and statements... of the Government within today, 16 July 1974. For foreign ships and boats currently present at the islands, the navy uses to the maximum extent the international law and other measures to chase them away. If they use force, we respond with force. Naval troops land on Robert and Duncan, take away foreign flag, install the Vietnamese flag and chase the foreigners away. The Navy is responsible for preventing all acts of installing flag and landing of people in the remaining islands, such as Drummond and Money. If necessary, the Navy must mobilize additional vehicles for the maximum protection of the Vietnamese sovereignty over Crescent Island and take all necessary measures."

[9] Bill Hayton, *Ibid*., supra note 3: pp. 74–75.

[10] Bill Hayton, *Ibid*., supra note 3, pp 75–76. Vinh Truong, *Ibid*., supra note 8, pp. 472–473. Janes Fighting Ships. 1989–1990 (London: Janes Defense Data, 1990), pp. 109, 111. Cited in Garver (1992, p. 1001). "Saigon Says China Bombs 3 Isles and Land Troops," *The Associated Press*, 20 January 1974. Shipler (1974a, 1974b).

[11] Valencia, (1988, p. 439). Cited in Bouchat (2013, p. 14). Van Dyke & Bennett (1993, p. 59).

ago. On August 11, 1980, the Vietnamese Government sends diplomatic notes to protest the above-use-of-force actions by the Philippines.

During 1988–1989 Several dozen Chinese warships conduct large naval exercises coinciding with its occupation of several reefs in the Spratlys, consisting of Fiery Cross Reef, Huges Reef, Cuarteron Reef, Gaven Reef and Subi Reef.[12] Vietnamese media reports that China occupies these reefs after successfully using several warships to block Vietnamese transport ships from entering the features.[13]

14 March 1988 China forces Vietnam out of Johnson South Reef in a skirmish in which 64 allegedly unarmed Vietnamese navy engineers were killed.[14]

March 1992 In response to reports of oil drilling, Chinese marines land on Da Ba Dau reef, near the Vietnamese-held island of Sin Cowe East, triggering a military clash on 19 March 1992. Four months later, Chinese marines landed on Da Lac reef on Tizard Bank.[15]

June to September 1992 China seizes 20 Vietnamese cargo ships coming from Hong Kong.[16]

July 1994 China sends naval ships to blockade operations of a Vietnamese oil rig within Vietnam's allegedly undisputed continental shelf[17] over Tu Chinh (Vanguard Bank) oil exploration blocks 133, 134, and 135. China claims the area as part of their Wan' Bei-21 (WAB-21) block.[18]

February 1995 Sino–Filipino conflict over Mischief Reef. China forces start occupying Mischief Reef and establish several buildings there. They claim the buildings are "shelters for fishermen". However, the Philippine government publishes pictures of several Chinese navy supply vessels and a submarine-support ship around the reef.[19] Chinese warships drive off Philippine ships attempting to reach the island.[20]

[12] Jacobs (1992, pp. 278–281). Cited in Bateman & Emmers (2008, p. 49).

[13] Hai (2014).

[14] Lt. Colonel Zumwalt (2014).

[15] Cheung (1992, p. 19). Cited in Lt. Michael Studeman, (1998, pp. 68–90). Dutta (2005, p. 288). Da Ba Dau is currently unoccupied, according to Vietnamese journalists who visited Spratly islands.

[16] Tonnesson (2000, p. 210).

[17] Vietnam's position is that the Vanguard Bank does not belong to the disputed Spratly archipelago and lies within Vietnam's undisputed continental shelf.

[18] Klare (2001, p. 124). US Energy Information Administration, Analysis Briefs, "South China Sea", March 2008. Cited in Lowther (2013). Shenon (1994).

[19] "China's Military Threat Increasing," *Taiwan Communiqué* No. 65, April 1995.

[20] US Energy Information Administration, *Ibid*., supra note 18, p. 122. Raman (1999). Storey (1999).

16 March 1995 Malaysian navy boats fire on a Chinese trawler found to be fishing off Sarawak, reportedly within Malaysian EEZ, injuring four Chinese crewmembers.[21]

25 March 1995 Taiwanese artillery on Itu Aba fires on a Vietnamese supply ship, Bien Dong 80, that was approaching the island.[22] According to Vietnam's Ministry of Foreign Affairs, the Vietnamese ship was approaching Ban Than Reef where Taiwan was attempting to conduct construction activities.[23]

March 1997 China sends three warships to survey the Philippine-occupied Lankiam Cay and Loaita island in the Spratly archipelago.[24]

April 1997 The Philippine navy orders a Chinese speedboat and two fishing boats to leave Scaborough Shoal; Philippine fishermen remove Chinese markers and raise their flag.[25]

January 1998 The Philippine Navy arrests 22 Chinese fishermen close to Scarborough Shoal.[26]

January 1998 Vietnamese soldiers fire on a Philippine fishing boat near Vietnam-controlled Tennent (Pigeon) Reef, injuring a Filipino fisherman.[27]

1 May 1999 Chinese naval ships are accused of harassing a Philippine naval vessel after being stranded near the Spratly Islands.[28]

May 1999 A Chinese fishing boat is sunk after colliding with a Philippine warship off Scarborough Shoal.[29]

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[21] Michael Klare, *Ibid*., supra note 18: p. 124.

[22] Chen (1995), Peng (1992). Cited in Joyner (1998).

[23] Vietnam News Agency 4 April 1995.

[24] "Chinese Refuse to Leave Philippine Waters." *Courier Mail*, 3 May 3 1997. Cited in CNAS Flashpoints Timeline. US Energy Information Administration, *Ibid*. supra note 18, p. 122.

[25] US Energy Information Administration, *Ibid*., supra note 18, p. 122.

[26] Michael Klare, *Ibid*., supra note 18, p. 124.

[27] US Energy Information Administration, *Ibid*., p. 122. "Philippines Lodges Protest Over Shooting in Spratlys," *Deutsche Presse-Agentur*, January 19, 1998. Cited in "The West Philippine Sea, The Territorial and Maritime Jurisdiction Disputes from a Filipino Perspective: A Primer." *The Asian Center and Institute for Maritime Affairs and Law of the Sea University of the Philippines* April 2013: p. 57.

[28] US Energy Information Administration, *Ibid*., p. 122.

[29] US Energy Information Administration, *Ibid*., p. 122. Vanzi (1999).

19 July 1999 Another Chinese fishing boat is sunk in a collision with a Philippine warship off Scarborough Shoal.[30]

October 1999 According to Philippine defense sources, two Malaysian fighter planes and two Philippine air force surveillance planes nearly engaged over a Malaysian-occupied reef in the Spratlys. The Malaysian Defense Ministry states that it was not a standoff.[31]

13 October 1999 Vietnamese forces on Tennent Reef fire at a Philippine Air Force reconnaissance plane flying over the reef.[32]

2 February 2000 Philippine Navy ship fires warning shots into the air to drive Chinese vessels away from Scarborough Shoal. Philippine Armed Forces Chief Gen. Angelo Reyes says that the ship tried to contact the vessels but they engaged in some evasive maneuvers. China's Ambassador Fu Ying later informs Foreign Secretary Domingo Siazon Jr. that Beijing would file a diplomatic protest over the said incident. DFA orders probe on the incident and asks China to prevent its fishing vessels from venturing into disputed islands.[33]

26 May 2000 Philippine troops open fire on Chinese fishermen in the waters off the Philippines' island Palawan, killing one and arresting seven.[34]

January to March 2001 The Philippine navy boards 14 Chinese-flagged boats, confiscated their catches, and eject the vessels out of the Spratlys.[35]

March 2001 The Philippines sends a gunboat to Scarborough Shoal to "ward off any attempt by China to erect structures on the rock."[36]

1 April 2001 A U.S. EP-3 reconnaissance plane collided with a Chinese F-8 fighter jet near Hainan Island.[37] Two Chinese-built F-8 fighters approach an EP-3 US

[30] "Rich Region, Strong States: The Political Economy of Security in Asia," *SITC-NWC Policy Briefs* 2013–7, April 2013: p. 5. "Philippine "regret" over Spratly sinking." *BBC News* 20 July 1999.

[31] US Energy Information Administration, *Ibid*., p. 122.

[32] McLean (1999).

[33] Scaborough shoal standoff: A timeline. *Inquirer.net* 9 May 2012. (Balana 2000).

[34] "China Makes Representations to the Philippines on Killing of Fisherman." *People's Daily* 02 June 2000. US Energy Information Administration, *Ibid*., p. 122.

[35] "Row Grows Over Disputed Spratly Island," *CNN* 21 March 2001. Renato Cruz De Castro. "China's Realpolitik Approach in the South China Sea Dispute: The Case of the 2012 Scarborough Shoal Stand-Off". Paper submitted for "Managing Tensions in the South China Sea" conference held by CSIS on June 5-6, 2013. US Energy Information Administration, *Ibid*., p. 122.

[36] US Energy Information Administration, *Ibid*., p. 122. Talosig (2001).

[37] Glaser (2012).

reconnaissance plane flying over the South China Sea about 80 miles southeast of Hainan Island, and one of them accidentally colliding with the EP-3. While the EP-3 landed safely on Hainan, the Chinese plane crashed. Although the US plane was well outside China's 12-mile territorial limit and was flying over international waters and Chinese officials agreed that the collision took place nearly 80 miles from Hainan, the Chinese government still claimed sovereignty over these waters.[38]

Since 2002 Chinese ships have occasionally harassed the US Navy's *Bowditch*, an oceanographic survey ship, as it operated in China's EEZ in the Yellow, East China and South China Seas.[39]

August 2002 Vietnamese troops fire warning shots at Philippine military reconnaissance planes circling over Spratlys.[40]

8 January 2005 A Vietnamese fishing boat is assaulted by Chinese fishery officers in the joint fishing zone in the Gulf of Tonkin on the Western (Vietnamese) side of the delimitation line.[41] Vietnam reports that nine fishermen were killed, eight were detained, two of which were wounded.[42]

9 July 2007 A Chinese navy ship fires at Vietnamese fishing vessels near disputed Spratly islands, injuring five Vietnamese fishermen.[43]

8 March 2009 Five Chinese vessels, including a naval intelligence ship, a government fisheries patrol vessel, a state oceanographic patrol vessel, and two small fishing trawlers harass the USNS *Impeccable* approximately 75 miles south of Hainan Island in the South China Sea. The Pentagon states this is the latest of several instances of "increasingly aggressive conduct"[44] in the past week.

11 June 2009 A Chinese PLAN submarine collides with the sonar sensor of the destroyer USS *John S. McCain* near Subic Bay off the coast of the Philippines.[45]

[38] "U.S. Aircraft Collides with Chinese Fighter, Forced to Land," *CNN* 1 April 2001; Bateman and Emmers (2008).

[39] Valencia (2009).

[40] Thanh Lam (2004). US Energy Information Administration, Ibid., p. 122. Emmers (2012).

[41] Vietnamese fishermen killed in territory dispute. *ABC News* 13 January 2005.

[42] "Phía Trung Quốc phải xử lý những kẻ bắn ngư dân VN," *Vietnamnet* 18 January 2005. Vietnamese Foreign Ministry issued a Press Release on the incident on 16 January 2005. (http://www.mofa.gov.vn/vi/nr040807104143/nr040807105001/ns050117170913).

[43] Chinese navy fires at Vietnamese fishing ship, injuring 5. *Kyodo* 21 July 2007.

[44] "Pentagon Says Chinese Vessels Harassed U.S. Ship." *CNN*, 9 March 2009. "Chinese Ships 'Harass' US Vessel." *BBC News*, 9 March 2009.

[45] "China sub collides with array towed by U.S. ship: report." *Reuters*, 12 June 2009.

June 2009 The Indonesian Navy detains 75 Chinese fishermen in eight boats for "illegally" fishing in the EEZ of the Natuna, which provokes demand from Beijing for their immediate return.[46]

In 2009 According to Vietnamese media reports, China detains or seizes 33 Vietnamese fishing boats and 433 crew members, several of which were detained while they sought shelter in the Paracel islands during storms in August and October.[47]

May to July 2010 Indonesian and Chinese navies each capture several of the others sides' fishing boats, accusing them of illegal fishing. In one incident, an Indonesian naval ship detains ten Chinese fishing boats north of the Natunas, but reportedly within the 200 nautical mile EEZ. Indonesian officials maintain the Chinese fishing boats had encroached in a "deliberate and coordinated manner." During the few hours of their detention, two frigate-sized ships "armed with heavy guns" appear and engage in a tense confrontation before the fishing vessels are released.[48]

23 June 2010 Indonesian patrol boats confront China's fishing vessels escorted by heavily-armed fisheries management vessels approximately 65 miles northwest of Natuna islands. An unverified report from Japan's Manichi Shimbun suggest that the Yuzheng-311 and another Chinese fisheries-enforcement vessel had confronted an Indonesian naval patrol boat. Having been ordered to leave, the Yuzheng-311 refused and trained its guns on the Indonesian vessel, demanding the release of a recently detained Chinese fishing boat. No shots are fired and the Chinese trawler is released.[49]

In 2010 Vietnam News Agency reports that when Vietnam conducted surveys in 2010 to complete its dossier on boundaries of the continental shelf for a report to the United Nations, Chinese vessels also cut Vietnamese ships' survey cables.[50]

In 2010 According to Vietnamese report, Chinese authorities detained at least 30 Vietnamese boats with more than 200 fishermen in disputed areas in the South China Sea.[51]

25 February 2011 According to a report by the Armed Forces of the Philippines (AFP), three Philippine fishing vessels, F/V Jaime DLS, F/V Mama Lydia DLS and F/V Maricris 12 were fishing near Jackson Atoll off the Spratly islands, 140 nm from Palawan island when a Chinese frigate approached. The Chinese frigate, a

[46] Loveard (2009).

[47] "China Seizes Vietnamese Fishing Boat," *Deutsche Presse-Agentur*, April 19, 2010. Thayer (2010).

[48] Dupont and Baker (2014), Budianto (2012).

[49] SITC-NWC Policy Briefs, Ibid., supra note 30, p. 5; Le Mière (2014), Currie (2010), Dupont and Baker (2014), Budianto (2012).

[50] "National, world security closely linked: minister." *Vietnam News* 7 June 2011.

[51] Pham (2010).

Jianghu-V Class missile frigate, Dongguan 560, broadcasted over its marine band radio: "This is Chinese Warship 560. You are in the Chinese territory. Leave the area immediately." Then the frigate repeatedly broadcast, "I will shoot you." even though the Philippine boat replied through a marine band radio to "please wait for a while" as it was experiencing trouble removing its anchor. As the fishing vessels began to withdraw, the Chinese frigate fired three shots that landed 0.3 nautical miles (556 m) from F/V Maricris 12.[52] The Chinese ambassador to the Philippines, Liu Jianchao later denied that any Chinese vessel had fired on Filipino fishermen.[53]

2 March 2011 The Government of the Philippines reports that two patrol boats from China have attempted to ram one Philippine surveillance ships: Two Chinese white-painted patrol boats, No. 71 and No. 75, order MV Veritas Voyager, a Forum Energy Plc. survey vessel operating in the Reed Bank area off Palawan Island, to leave and maneuvered twice close in what the Government of the Philippines reported a threat to ram the MV Veritas Voyager. The survey ship was French-owned and registered in Singapore. The Philippines respond by dispatching two OV-10 aircraft to investigate. The Chinese boats depart without further incident.[54]

21–24 May 2011 Chinese maritime surveillance vessels and PLAN ships are suspected of unloading building materials near Philippine-occupied West York and Flat islands in the disputed Spratly archipelago.[55]

26 May 2011 Three Chinese maritime surveillance ships molest the Binh Minh 02, a Vietnamese seismic survey ship operating in Block 148. China's Maritime Surveillance Ship No. 84 cuts a cable towing seismic monitoring equipment by the Vietnamese ship. The incident lasts for three hours and takes place in an area called Block 148 about 120 km (80 miles) off the south-central coast of Vietnam from the beach town of Nha Trang and 600 km south of China's Hainan province. In Vietnam's view, the location is within the exclusive economic zone of Vietnam.[56] After the incident, China argues that "the law enforcement activities by Chinese maritime surveillance ships against Vietnam's illegally operating ships are completely justified. We urge Vietnam to immediately stop infringement activities and refrain from creating new troubles."[57]

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[52] Jamandre (2011).

[53] Gomez (2011).

[54] H. Res. 714, Introduced at 113th U.S. Congress, 2013–2015, Passed on 3 Dec 2014. "Philippines halts tests after China patrol challenge." *BBC News* 8 March 2011.

[55] Thayer (2011); "Manila Daily Berates China Over Violation of South China Sea Code of Conduct," *The Philippine Star* 4 June 2011. Cited in CNAS Flashpoints Timeline.

[56] Press Conference on Chinese maritime surveillance vessel's cutting exploration cable of Petro Vietnam Seismic Vessel. *Vietnam's Ministry of Foreign Affairs* 29 May 2011, accessed online at http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns110530220030 on 11 May 2015. "Vietnam accuses China in seas dispute." *BBC News* 30 May 2011, accessed online at http://www.bbc.com/news/world-asia-pacific-13592508 on 11 May 2015.

[57] China's Foreign Ministry Spokesperson Jiang Yu's Regular Press Conference on 31 May 2011.

31 May 2011 Three Chinese military vessels use guns to threaten the crews of four Vietnamese fishing boats while they were fishing in the waters of the Spratly Islands.[58]

9 June 2011 According to the spokeswoman of Vietnam's Ministry of Foreign Affairs, at 6 a.m., "the Viking II, a vessel hired by Vietnam National Oil and Gas Group, was conducting 3D seismic exploration in Block 136/03 (coordination: 6 degrees 47.5′ North and 109 degrees 17.5′ East), within the continental shelf of Viet Nam when Chinese fishing vessel No 62226, supported by two Chinese Yuzheng fishery administration vessels No. 311 and No. 303, cut off Viking II, then veered with acceleration. Despite warning flares from the Vietnamese side, vessel 62226 headed on and rammed exploration cables of the Viking II. Its specialized cable-slashing device was consequently trapped in the Viking II's cables, jamming Viking II operation. As soon as that happened, Chinese Yuzheng 311 and 303, together with several Chinese fishing vessels, rushed to rescue Vessel 62226." Vietnam view is that the location where Viking II was operating is located "within Viet Nam's 200-nautical mile-continental shelf."[59] The location is approximately 1000 km off China's Hainan island.

17 June 2011 China dispatches one of its largest patrol ships, the Haixun 31, on a voyage through disputed areas of the South China Sea in a deliberate show of force en route to a port call in Singapore. China's official media stated that the sailing route of the Haixun 31 in the South China Sea was determined to protect its "rights and sovereignty".[60]

25 June 2011 Chinese PLA Major General (Ret.) Peng Guangqian states in a television interview that "China once taught Vietnam a lesson. If Vietnam is not sincere, it will receive a bigger lesson", adding that "if Vietnam continues to act tough, play with the knife, sooner or later it will get cut".[61]

5 July 2011 Chinese soldiers reportedly punch and kick a Vietnamese captain and threatened nine other crew members before expelling them from waters near the disputed Paracel Islands.[62]

22 July 2011 An Indian naval vessel, sailing about 45 nautical miles off the coast of Vietnam, is warned by a Chinese naval vessel that it is allegedly violating Chinese territorial waters.[63] An unidentified caller who claims to be from the

[58] H.Res. 714. *Ibid*., supra note 55. "East Sea undercurrents." *Thanh Nien News* 10 June 2011, accessed online at http://www.thanhniennews.com/society/east-sea-undercurrents-11927.html on 11 May 2015.

[59] Regular Press Briefing by Vietnam MOFA's Spokesperson Nguyen Phuong Nga on 9 June, 2011.

[60] H. Res. 714. *Ibid.,* supra note 55.

[61] H. Res.352 - 112th U.S. Congress (2011–2012). Introduced on 15 July 2011.

[62] "Vietnam: Chinese Soldiers Attack Fishermen," *Philippine Inquirer*, 14 July 2011.

[63] *Ibid*., supra note 55.

Chinese Navy, but who is speaking in English, tells the INS Airavat that the Indian ship is entering Chinese waters and must leave.[64]

22 February 2012 Vietnam says Chinese authorities used force to prevent 11 Vietnamese fishermen trying to seek refuge from a storm from reaching the Paracel Islands. Vietnam lodges a protest with the Chinese Embassy in Hanoi.[65] China denies the allegations.[66]

23 March 2012 According to reports citing Vietnamese officials, China detains 21 fishermen near the Paracel Islands and demands $11,000 for their release.[67] Viet Nam asks China to immediately and unconditionally release all the fishermen.[68]

April to June 2012 After a Philippine reconnaissance plane identifies Chinese fishing boats at Scarborough Reef, the Philippine Navy sends in its biggest warship, the BRP Gregorio del Pilar, arguing that the fishermen are fishing illegally. China also sends ships. There is a stalemate. The Filipino fishermen later leave the area because of the impending typhoon season. The Chinese boats likewise leave following the Filipino withdrawal.[69]

18 July 2012 Philippine DFA official says China blocks Philippine ships and fishing vessels from the shoal by setting up barriers to its entry point. Since then, vessels belonging to the China Marine Surveillance and Fisheries Law Enforcement Command have been observed in the nearby disputed shoal and Chinese government vessels have been turning away Filipino vessels sailing to the area.[70]

30 November 2012 Chinese fishermen have again cut the seismic survey cables of the Vietnamese oil exploration ship Binh Minh 02. The incident reportedly occurred at 17.26 degrees North latitude and 108.02 degrees West longitude, about 43 nautical miles southeast of Vietnam's Con Co Island and 20 miles west of the median line between Vietnam and China.[71]

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[64] "Chinese warship confronts Indian naval ship: Report." *IBN Live* 1 September 2011, accessed online at http://ibnlive.in.com/news/chinese-warship-confronts-indian-naval-ship-report/180479-3.html on 11 May 2015.

[65] "Vietnam protests China's acts against fishermen." *Vietnam's Ministry of Foreign Affairs* 1 March 2012, accessed online at http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns120301165106 on 10 May 2015.

[66] Jeremy Page, "Beijing in Fresh Sea Row With Hanoi," *The Wall Street Journal*, 1 March 2012; "Vietnam Says China Assaulted Fishermen," *Associated Press*, 1 March 2012. Cited in CNAS Flashpoints Timeline.

[67] Wong (2012).

[68] "Vietnam asks China to immediately and unconditionally release all fishermen." *Vietnam's Ministry of Foreign Affairs*. 22 March 2012, accessed online at http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns120322165528 on 10 May 2015.

[69] Gomez (2012), Hookway (2012), Perlez (2012). Cited in CNAS Flashpoints Timeline.

[70] Del Callar (2012), Keating (2012), Reyes (2012).

[71] "Chinese boats cause cable cut to Vietnam's ship." *Tuoi Tre News* 4 December 2012, accessed online at http://tuoitrenews.vn/society/4755/chinese-boats-cause-cable-cut-to-vietnam%E2%80%99s-ship on 10 May 2015.

In 2012 Vietnam's media quoting An Hai Fishery Union Chairman Nguyen Quoc Chinh, says that there were 300 fishermen in Quang Ngai province detained by China authorities.[72]

20 March 2013 An unidentified Chinese vessel chases and fires flares on a Vietnamese fishing boat near the Paracel Islands, according to the Vietnamese government, which calls the incident "very serious". It lodges a formal complaint with the Chinese embassy in Hanoi. Chinese foreign ministry spokesman Hong Lei says China has taken unspecified but "legitimate and reasonable" actions against Vietnamese boats working illegally in Chinese waters. He denies that any boats have been damaged, but gave few other details. [73] On this incident, US state department spokesman Patrick Ventrell said that the United States "strongly oppose the threat or use of force or coercion by any claimant to advance its claims in the South China Sea".[74]

9 May 2013 A Philippine Navy ship fired at a Taiwanese fishing vessel, killing one crew member on board. Philippines says the incident took place in the Balintang channel, just north of the island of Luzon, within Philippine territorial waters. Taiwan says the location was 180 nautical miles southeast of the southern tip of Taiwan.[75]

5 December 2013 While the USS Cowpens is reportedly operating in international waters in the South China Sea, a auxiliary vessel of the PLAN aircraft carrier Liaoning reportedly crosses its bow at a distance of less than 500 yards and stops in the water, forcing the USS Cowpens to take evasive action in order to avoid a collision.[76]

In 2013 Dozens of Vietnamese fishing boats were chased, rammed or shot, fishing gears were destroyed, catches were confiscated by Chinese authorities, according to Vietnamese Fishery Society.[77]

1 May 2014 China's state-owned energy company, CNOOC, places its deep water semi-submersible drilling rig Hai Yang Shi You 981 (HD–981), accompanied by

[72] "Lính Trung Quốc đã chĩa súng uy hiếp ngư dân Việt Nam," *Sống Mới* 18 March 2013.

[73] Hanoi accuses Chinese of firing at boat. *The Associated Press* 26 March 2013, accessed online at http://www.ft.com/intl/cms/s/0/5d14a1da-963d-11e2-9ab2-00144feabdc0.html?siteedition = uk on 10 May 2015.

[74] Ventrell (2013).

[75] "Philippines admits shooting of Taiwanese fisherman." The Deutsch Welle 10 May 2013. "PHL Navy ship fires upon Taiwan fishing boat, one dead - report," GMA News 10 May 2013.

[76] S.Res.412—113th Congress (2013–2014). Agreed to Senate on 07 October 2014. "Trust-building needed to cut Gordian Knot of China-US military ties." *Global Times* 18 December 2013, accessed online at http://www.globaltimes.cn/content/832838.shtml on 11 May 2015. Bodeen (2013).

[77] Website of Vietnamese Fishery Society, accessed online at http://www.hoinghecavietnam.org.vn/tinchitiet.aspx?newsid = 194&&cateid = 11 on 23 January 2014.

over 25 Chinese ships, in Block 143, 120 nautical miles off Vietnam's coastline.[78] China declares a 3 nautical mile security radius around the oil rig, while United Nations Convention on the Law of the Sea only allows 500 m safety zone.

1 May–15 July 2014 The number of Chinese vessels escorting HD-981 increased to more than 80, including seven military ships, which patrolled and harassed Vietnamese coast guard ships, reportedly intentionally ramming multiple Vietnamese vessels as well as using helicopters and water cannons to obstruct others.[79] The oil rig is withdrawn on 15 July 2014.

26 May 2014 A Chinese vessel rams and sinks a smaller Vietnamese fishing boat, and then flees the scene. The incident occurs around 30 km south-southwest of the oil rig HD-981 that China deployed on 1 May, reportedly in Vietnam's EEZ.[80]

March to August 2014 On 19 August 2014, Pentagon spokesman John Kirby says that "an armed Chinese fighter jet conducted a dangerous intercept of a U.S. Navy P-8 Poseidon aircraft, patrol aircraft, that was on a routine mission. The intercept took place about 135 miles east of Hainan Island, in international airspace." Kirby says that was the fourth "close intercept" involving Chinese jets since March 2014: "On three different occasions, the Chinese J-11 crossed directly under the US aircraft with one pass having only 50–100 feet separation between the two aircraft".[81] The spokesman of China's Defense Ministry issues a statement in which he describing the US accusations as "groundless". He says China was conducting "routine identification and verification" flights. Yang said the Chinese jet "kept a safe distance from the US planes".[82]

In 2014 Vietnam's media report several incidents in which Chinese armed ships attack, ram Vietnamese fishing boats near disputed Paracel islands.[83] It should be

[78] S.Res.412—113th Congress (2013–2014). *Ibid.*

[79] S.Res.412—113th Congress (2013–2014). *Ibid.* Hậu & Hạ, (2015). "Cận cảnh vũ khí Trung Quốc ở khu vực giàn khoan Hải Dương 981." *VTV1/So Ha News* 8 June 2014, accessed online at http://soha.vn/quan-su/can-canh-vu-khi-trung-quoc-o-khu-vuc-gian-khoan-hai-duong-981-20140608072515105.htm on 11 May 2015.

[80] Ito (2014).

[81] Rear Admiral John Kirby. "Department of defense press briefing by Admiral Kirby in the Pentagon Briefing Room." *U.S. Department of Defense* 22 August 2014, accessed online at http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID = 5493 on 10 May 2015.

[82] "China defends interception of US Navy aircraft." *Deutsche Welle* 24 August 2014, accessed online at http://www.dw.de/china-defends-interception-of-us-navy-aircraft/a-17874119 on 10 May 2015. Sha (2014).

[83] Nguyễn (2014). "Chủ tịch Nghiệp đoàn Nghề cá xã An Hải, huyện Lý Sơn kêu gọi giúp đỡ ngư dân bị tàu Trung Quốc đập phá, cướp cá," *Lao Dong* 6 January 2014, accessed online at http://laodong.com.vn/xa-hoi/chu-tich-nghiep-doan-nghe-ca-xa-an-hai-huyen-ly-son-keu-goi-giup-do-ngu-dan-bi-tau-trung-quoc-dap-pha-cuop-ca-171945.bld on 6 January 2014 "Ngư dân lại bị cướp ngư cụ ở biển Hoàng Sa," *ANTV* 3 March 2014, accessed online at http://www.antv.gov.vn/tin-tuc/an-ninh-trat-tu/ngu-dan-lai-bi-cuop-ngu-cu-o-bien-hoang-sa-2984.html on 5 March 2014. Tweed (2014). "Chinese ships reportedly ram, fire water cannons at Vietnamese fishing boats." *Tuoi Tre*

noted that the public data is very likely incomplete due to the sensitivity of the issue.

December 2014–April 2015 Philippine Marine 1st Lt. Mike Pelotera says Chinese coast guard vessels blocked or chased Filipino and Vietnamese fishermen for at least eight times near the Second Thomas Shoal. There are reports that similar incidents also take place near Scarborough Shoal where Chinese government ships threaten by gun or fire water cannon on the fishermen to take their properties and drive them away.[84]

January 2015 Vietnam's media reports that Chinese armed fisheries surveillance ships attack three Vietnamese fishing boats near disputed Paracel islands, smash their fishery equipment and confiscate all the property on board. [85]

April 2015 China is accused of challenging a US plane flying over a Chinese-occupied area.[86]

19 April 2015 Philippine media reported that a Chinese Navy frigate ordered a Fokker plane of the Philippine Air Force that was conducting maritime patrols to stay away from Subi Reef. The Chinese frigate also blinked its lights. The recorded Chinese audio message repeatedly stated: "Foreign airplane you are approaching my military security area. Please go away quickly in order to avoid misjudgment."[87]

19 April 2015–7 May 2015 Philippine's Westcom chief Vice Admiral Alexander Lopez At accuses China of harassing Philippine air patrols in six separate incidents.[88]

13 November 2015 According to Vietnamese media reports,[89] four Chinese vessels, including two coast guard ships and a warship, bullied and scared away a Vietnamese supply ship close to Subi reef. The incident occurred when the Vietnamese vessel was on a supply mission to Vietnamese-held islands in the area. Notably, the US navy destroyer USS Lassen (DDG-82) was passing through the same area a few weeks earlier on October 26 on the apparent election of "innocent

News 29 November 2014, accessed online at http://tuoitrenews.vn/society/24354/chinese-ships-reportedly-ram-fire-water-cannons-at-vietnamese-fishing-boats on 14 December 2014.

[84] Gomez (2014), Datu (2014), Guinto (2015).

[85] "Chinese armed forces destroy equipment, steal property from Vietnamese fishing boat: report," *Tuoi Tre News* 10 January 2015. "Two more Vietnamese fishing boats attacked by Chinese vessels," *Tuoi Tre News* 13 January 2015.

[86] "China challenges US plane during Balikatan war games." *Rappler* 9 May 2015, accessed online at http://www.rappler.com/newsbreak/inside-track/92637-us-plane-south-china-sea on 10 May 2015.

[87] Fonbuena (2015).

[88] *Ibid*.

[89] Tuoi Tre News (2015, 27 November). Chinese warship soldiers point guns at Vietnamese supply boat in Vietnam's waters. http://tuoitrenews.vn/society/31908/chinese-warship-soldiers-point-guns-at-vietnamese-supply-boatin-vietnams-waters (01.12.2015).

passage", yet was only shadowed by two Chinese naval vessels and not harassed. This incident resulted into strong Chinese criticism and generated confusion regarding its legal rationale.[90]

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