Emerging maritime rivalry in The South China Sea:
Territorial disputes, sea-lane security, and the pursuit of power

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EMERGING MARITIME RIVALRY IN THE SOUTH CHINA SEA: TERRITORIAL DISPUTES, SEA-LANE SECURITY, AND THE PURSUIT OF POWER

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Déni de responsabilité : Les vues et opinions exprimées dans le présent rapport sont exclusivement celles de l’auteur, et ne reflètent pas nécessairement la position du Ministère des Affaires étrangères et du Commerce international, ou celle du gouvernement du Canada. Le rapport est présenté dans la langue de rédaction.
Executive Summary

The South China Sea dispute is again under the international spotlight. This author observes that tension over sovereignty, resources, and navigation in the South China Sea, and growing rivalry over primacy in the Western Pacific, have led claimant states and outside maritime powers to engage in intensified activity, including: naming islands and features; conducting marine survey and exploration activities; staging high-profile visits by officials; establishing administrative authorities over disputed areas; exercising ‘maritime enforcement’ evidenced by tussles over fishing grounds including harassment, detention and imposing fines on fishermen, which increasingly result in prolonged stand-offs among maritime enforcement agencies and/or naval units of claimant states; apparent increased frequency of active military surveillance and intelligence gathering in close proximity to, or in, coastal states’ exclusive economic zones (EEZ); and growing restrictions imposed on foreign military activities in coastal country EEZs, at times perceived to obstruct and endanger navigation and over-flights, resulting in serious incidents.

At the centre of the disputes are the hardening positions of a number of claimant states. At the same time, there is growing tension between a rising China, poised to exercise greater influence in the region, and the United States as the ‘status quo’ power determined to preserve its presence in a region of growing strategic salience. Simply put, the South China Sea is becoming a potential flash-point, both because of the unresolved territorial disputes among claimant states, and also as a result of pending great-power rivalry between the United States and China.

Divergent interpretations of international law, including the United Nations Convention on the Law of the Sea (UNCLOS) provisions for establishing sovereignty over land territories including islands, in order to assert rights and jurisdiction over surrounding maritime space including exclusive economic zones and continental shelf, have added complexity and difficulty to the already untenable problem. Freedom of navigation, in particular, has been used to test the content of certain rights established under UNCLOS.

Managing the South China Sea dispute requires both a deeper understanding of the sources and drivers of conflicts, and the development of mechanisms, in bilateral and multilateral settings, to address them. Given the critical sea lanes of communication, potential future access to maritime resources, and unresolved territorial disputes, the capacity to understand and address these emerging security challenges, including the development of mechanisms for managing maritime crises and conflicts, have enormous policy implications for all players involved in the region, as well as the United States.

The report’s preliminary findings point to a number of drivers including, but not limited to:

- **Time-lines** for compliance with international legal provisions have arguably reignited competing claims to insular features and surrounding waters in the South China Sea. While none of the contending parties have any realistic expectation that the dispute will be resolved any time soon, impending time-lines may reinforce strong incentives to present their case in the strongest and most uncompromising
terms possible, such as through ‘enforcement’ activities to bolster claims.

- **Competing interpretations of UNCLOS** with regard to the EEZ and the outer limits of the continental shelf beyond 200M, and coastal states’ jurisdiction over surrounding maritime space, as well as differing interpretations of the scope of maritime powers’ rights in freedom of navigation, have resulted in higher frequency of encounters not governed by any recognized rules of the road and the greater risk of future incidents, misunderstandings, and potential escalation to military confrontation;

- **National development strategies** and growing dependence on imports of resources and energy, combined with estimates of potentially sizeable oil and gas deposits in the South China Sea, further elevate the importance of territorial waters/maritime features for all claimant states;

- **Rising nationalism, leadership transition**, and increasing assertiveness from the militaries and maritime enforcement arms of the claimant countries provide the domestic backdrops of uncompromising foreign policies in Beijing, Hanoi, Manila, among others; parochial institutional interests and the lack of central coordinating mechanisms have allowed some sub-national actors to pursue their own agendas, at times undermining national policies and priorities, as well as commitments made in international fora;

- **Changing debates within China** and the growing consensus on the importance of the pursuit of sea-power status, including as a ‘new historical mission’ for the PLA, especially its naval arm;

- **Major geo-strategic shifts and power re-alignment** in the region, as a result of China’s ascendancy to rising power status and U.S. ‘re-pivoting’ to East Asia after a decade of ‘entrapment’ in two major wars in western Asia. Increasingly the South China Sea becomes a battleground where command and control of the commons is ‘staked-out’ between the two principal contenders;

- The importance of the South China Sea as the critical link between the Indian Ocean and Western Pacific, where sea lanes of communication carry the bulk of international trade as well as provide crucial lifelines of energy and resource supplies.

Navigating the South China Sea morasses and the changing regional geo-strategic landscape will be a major challenge in coming years, including for major powers such as China and the United States. From the author’s observations, scholars and policy-makers alike will need to take into account the following preliminary findings:
China has consistently upheld its position on the South China Sea, although its approaches to addressing disputes have shifted over time in response to unified positions from its interlocutors (e.g., while China insists on bilateral negotiation on territorial issues, it has been open to multilateral discussions as long as they pertain to the management, not the settlement, of the dispute which Beijing claims can only be resolved through bilateral negotiations).

Regional and multilateral efforts at defusing tensions, and looking for solutions, have been hampered by disagreements among claimant states;

More positively, despite the periodic occurrences of disputes and controversies, involved parties have managed to compartmentalize various elements of their relationships so that territorial disputes do not spill-over into other areas, and do not impede regular and ongoing dialogue and consultation;

U.S. positions on freedom of navigation, access to East Asian markets, and the ability to provide assistance to allies, has been, and will continue to be, challenged by China, which considers such a posture as, at minimum, unwelcome and, at worst, hostile.

Washington has been, and should remain, cautious in its approaches to the South China Sea territorial disputes, notwithstanding its long-standing alliance arrangements and incipient partnerships with some of the disputing parties;

The introduction and development of confidence-building measures and incident at sea mechanisms, such as the ASEAN Declaration on the Conduct of Parties in the South China Sea and associated implementation guidelines, are crucial in preventing maritime incidents from escalating into a diplomatic crisis, or even military confrontation.

Track-II discussions have yet to generate policy responses and acceptance of recommendations; however, opportunities remain for parties concerned to seek ways to defuse tension, develop common understanding of challenges, and introduce new mechanisms, bilateral or multilateral, to address them; effective implementation depends on good-faith compliance cordoned-off from domestic politics and rising nationalism.
Résumé

Le différend territorial en mer de Chine méridionale est de nouveau sous le feu des projecteurs internationaux. L’auteur observe que les tensions suscitées par les questions de souveraineté, de ressources et de la navigation en mer de Chine méridionale ainsi que la rivalité croissante pour la prédominance dans le Pacifique occidental ont amené les pays prétendants à intensifier leurs activités dans la région : dénomination d’îles et d’entités géographiques; réalisation de levés marins et d’activités d’exploration; organisation de visites de fonctionnaires de haut niveau; établissement d’autorités administratives sur des zones litigieuses; conduite d’« opérations de police maritime », comme en témoignent les accrochages dans les lieux de pêche, y compris le harcèlement, la détention et la mise à l’amende de pêcheurs, qui entraînent de plus en plus de confrontation entre les agences d’application des lois maritimes et/ou les unités navales des États prétendants; augmentation apparente de la fréquence des activités de surveillance militaire active et de collecte de renseignements à proximité immédiate ou à l’intérieur des zones économiques exclusives (ZEE) des États côtiers; augmentation des restrictions imposées aux activités militaires étrangères dans les ZEE des États côtiers, qui sont parfois perçues comme obstruant et mettant en danger la navigation et les survols et qui provoquent des incidents graves.

Au cœur des litiges se trouve le durcissement des positions des États prétendants. Parallèlement, on observe une tension croissante entre une Chine émergente, prête à exercer une plus grande influence dans la région, et les États-Unis, puissance du « statu quo », déterminés à préserver leur présence dans une région d’une importance stratégique grandissante. En termes simples, la mer de Chine méridionale se transforme en poudrière, en raison d’une part des litiges territoriaux non résolus parmi les États prétendants, et d’autre part, de la rivalité latente entre les grandes puissances que sont les États-Unis et la Chine.

Les divergences d’interprétation parmi les États concernés du droit international, notamment des dispositions de la Convention des Nations Unies sur le droit de la mer (UNCLOS) visant l’établissement de la souveraineté sur les territoires terrestres, y compris sur les îles, en vue de faire valoir leurs droits et leur compétence sur l’espace maritime environnant, y compris les zones économiques exclusives et le plateau continental, ont exacerbé la complexité et la difficulté d’une situation déjà intenable. La liberté de navigation, en particulier, a été utilisée pour tester certains droits établis dans le cadre de l’UNCLOS.

La gestion du différend en mer de Chine méridionale appelle une meilleure connaissance des sources et des vecteurs de conflits ainsi que l’élaboration de mécanismes de règlement au sein d’instances bilatérales et multilatérales. Étant donné le caractère déterminant des voies de communication maritimes, l’accès éventuel aux ressources marines et les différends territoriaux non résolus, la capacité de comprendre ces nouveaux problèmes de sécurité et d’y faire face, notamment par l’élaboration de mécanismes pour la gestion des
crises et des conflits maritimes, revêt une importance stratégique énorme pour tous les acteurs engagés dans la région ainsi que pour les États-Unis.

Les conclusions préliminaires du rapport attirent l'attention sur un certain nombre de vecteurs, dont les suivants :

- **Les dates limites** pour la mise en conformité avec les dispositions juridiques internationales pourraient avoir ravivé les revendications contradictoires sur les entités insulaires et les eaux environnantes en mer de Chine méridionale. Si aucune des parties prétendantes ne s'attend réaliste à ce que le différend soit résolu rapidement, l'imminence des dates limites pourrait les inciter fortement à défendre leur cause de la manière la plus ferme et la plus intransigeante qui soit, notamment en menant des activités d’« application de la loi » pour appuyer leurs revendications.

- **Les interprétations divergentes de l'UNCLOS** concernant la ZEE et le tracé des limites extérieures du plateau continental au-delà de la zone des 200 milles ainsi que la compétence des États côtiers sur l'espace maritime environnant, et les interprétations divergentes de la portée des droits des puissances maritimes au chapitre de la liberté de navigation, se sont soldées par des affrontements plus fréquents non régis par les règles de la circulation navale et un risque plus grand d'incidents futurs, de malentendus et d'escalade jusqu’à une confrontation militaire.

- **Les stratégies nationales de développement** et la dépendance croissante à l’égard de l'importation de ressources et d’énergie, associées à la présence éventuelle de gisements appréciables de pétrole et de gaz naturel en mer de Chine méridionale, accroissent davantage l’importance des eaux territoriales et des entités marines pour tous les États prétendants.

- **La montée des nationalismes, les transferts de pouvoir** et la détermination accrue des forces armées et des organes d’application des lois maritimes des pays prétendants servent de toile de fond aux politiques étrangères intransigeantes de Beijing, de Hanoi et de Manille, entre autres; les intérêts institutionnels à courte vue ainsi que le manque de mécanismes de coordination centraux ont permis à certains acteurs infranationaux de faire primer leurs propres intérêts, allant par moment à l’encontre des priorités et des politiques nationales ainsi que des engagements pris au sein d’instances internationales.

- **L’évolution des débats en Chine** et le consensus croissant sur l’importance d’acquérir le statut de puissance maritime, y compris une « nouvelle mission historique » pour l’APL, particulièrement son bras naval.

- **Les importants changements géostratégiques et le réalignement des puissances** dans la région, par suite de l’accession de la Chine au statut de puissance émergente et de la « re-focalisation » de l’attention des États-Unis sur l’Extrême-Orient, après une décennie d’« enlisement » dans deux importants conflits armés en Asie occidentale. La mer de Chine méridionale devient de plus en plus un champ clos où le
commandement et le contrôle des zones communes sont monopolisés par les deux principaux prétendants.

- L’importance de la mer de Chine méridionale comme lien crucial entre l’océan Indien et le Pacifique occidental, dont les **voies de communication maritimes** voient transiter l’essentiel du commerce international et assurent des approvisionnements vitaux en énergie et en ressources.

La navigation dans les dédales et le paysage géostratégique régional changeant de la mer de Chine méridionale constituera un défi important dans les prochaines années, y compris pour les grandes puissances comme la Chine et les États-Unis. Selon l’auteur, les universitaires et les décideurs devront tenir compte des **résultats préliminaires** suivants :

- La Chine a systématiquement maintenu sa position en mer de Chine méridionale, tout en modifiant au fil du temps son approche en matière de résolution des différends, en réaction à la position unique affichée par ses interlocuteurs (p. ex., alors que la Chine insiste pour tenir des négociations bilatérales sur les enjeux territoriaux, elle est ouverte à des discussions multilatérales à condition que celles-ci portent sur la gestion et non le règlement des différends, lesquels ne peuvent être résolus, selon Beijing, que par des négociations bilatérales).

- Les efforts multilatéraux et régionaux en vue de désamorcer les tensions et de trouver des solutions ont été retardés par les désaccords entre les États prétendants.

- Sur une note plus positive, malgré l’apparition intermittente de différends et de controverses, les parties concernées en sont venues à compartimer divers éléments de leurs relations pour faire en sorte que les différends territoriaux ne se propagent pas à d’autres domaines et n’entraînent pas les consultations et les dialogues en cours.

- Les positions des États-Unis concernant la liberté de navigation, l’accès aux marchés est-asiatiques et leur capacité d’apporter de l’aide à leurs alliés est et continuera d’être un irritant pour la Chine, qui juge ces positions au mieux indésirables et au pire, hostiles.

- Washington est et devrait rester prudent dans son approche des différends territoriaux en mer de Chine méridionale, malgré ses alliances de longue date et ses partenariats naissants avec certaines des parties opposées.

- L’introduction et l’élaboration de mesures de confiance et de mécanismes de prévention des incidents en mer, comme la Déclaration sur la conduite des parties en mer de Chine méridionale de l’ANASE et les directives de mise en œuvre
afférentes, jouent un rôle essentiel pour empêcher que les incidents en mer ne dégénèrent en crise diplomatique ou même en confrontation militaire.

- Le deuxième volet de discussions n'a pas encore suscité de réactions politiques ni l'acceptation de recommandations; toutefois, les parties concernées ont toujours la possibilité de chercher des moyens de désamorcer les tensions, d'élaborer une vision commune des problèmes et d'introduire de nouveaux mécanismes, bilatéraux ou multilatéraux, pour les régler; leur mise en œuvre efficiente dépend de l'acquiescement de bonne foi des parties, à l'abri des politiques nationales et de la montée du nationalisme.
Full Report

The South China Sea is again under the international spotlight. For over two months now, China and the Philippines have been embroiled in heated spats over the sovereignty of the Scarborough Shoal. As this report is being finalized, there is no sign that the standoff will be resolved any time soon. Meanwhile, Vietnam’s recent passage of its maritime law, laying claim to the Paracel and Spratly Islands, has touched off strong protest from Beijing. Since 2007-08, tension has risen as some of the key contending states to the long-standing territorial disputes, principally China, Vietnam, and the Philippines, have reiterated and sought to strengthen their claims both through their interpretations of the 1982 United Nations Convention on the Law of the Sea (UNCLOS), and by taking more assertive and at time aggressive actions to stake out their claims.¹ These include naming the occupied and/or claimed islands and features; conducting marine survey and exploration activities; staging high-profile visits by officials; establishing administrative authorities over disputed areas; exercising maritime enforcement with tussles over fishing grounds, harassment, detention and fines of other claimant countries’ fishermen; public protests and threatened disruptions of oil extractions in the disputed territories; and imposing restrictions on foreign military activities in coastal country exclusive economic zones (EEZs), at times obstructing and endangering navigation and over-flights resulting in serious incidents.²

There are a number of important drivers behind the heightened tensions and competition between China, its neighbors, and other maritime powers over sovereignty, resources, and security in the South China Sea.³ First, there is a need for coastal states to comply with Article 76 of the UNCLOS requiring the submission of information to the Commission on the Limits of the Continental Shelf (CLCS) respecting the proposed location of the outer limit of its continental shelf beyond 200 miles. This in turn has been driven by the recognition that continued economic development requires energy and resources, which are shrinking within their land territories and which have to be imported afar from the Middle East, Africa, and the Persian Gulf. This recognition of the potential limits to future growth highlights the importance of the South China Sea with its reported rich deposits in petroleum and natural gas. Third, rising nationalism and the revolution in communication provide accessible and increasingly influential platforms for public opinions that in turn affect foreign policy formulation, making conciliation difficult. At the same time, economic growth and prosperity over the past two decades in East Asia provide the financial wherewithal for military modernization, in particular in naval patrol and power projection capabilities. Fourth, for rising powers such as China, there is growing debate and emerging

¹ “Special Focus: The South China Sea Dispute,” Contemporary Southeast Asia 33:3 (December 2011).
³ A general assessment of the nature and drivers of territorial disputes in the region can be found in Ralf Emmers, Geopolitics and Maritime Territorial Disputes in East Asia (London and New York: Routledge, 2010).
consensus that sea power, even for continental countries, is the key to commanding the global commons and an essential ingredient of achieving great-power status in the future.4

And finally, U.S. insistence on freedom of navigation and its right to carry military activities in the South China Sea, including within coastal states’ EEZs, is increasingly being challenged by China as it views U.S. surveillance and intelligence gathering a serious threat to its national security. This last point is becoming more contentious as China and the United States find themselves in more frequent maritime encounters in the Western Pacific. Granted, both Beijing and Washington accept that freedom of navigation pertains to areas of high seas and within the EEZs of states. However, the two countries hold different interpretations of the scope and the nature of activities in these areas, and the extent to which such activities are allowed under international law.5

These developments are taking place at a time of a major U.S. decision to strategically re-orientate and re-balance to East Asia after more than a decade of retraction and negligence largely due to its preoccupation with the Afghan and Iraqi wars. Despite the global financial crisis of 2008 and a slow economic recovery that have left Washington increasingly focused on domestic issues and its budgetary woes, including $487 billion in defence budget cuts over the next decade, the Obama Administration is determined to maintain and strengthen its presence given the enormous stakes it has, both in strategic and commercial terms.6

Over the past few years, Washington has strengthened its alliances with Tokyo, Seoul, Canberra, and formed closer partnerships with Hanoi, Manila, Jakarta, and New Delhi, through arms sales, joint military exercises, and basing and training arrangements in the region.7

Washington is also becoming more explicit about its position on the South China Sea territorial disputes. Speaking at the July 2010 ASEAN Regional Forum (ARF) foreign ministers meeting in Hanoi, U.S. Secretary of State Hillary Clinton stated: “The United States, like every nation, 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. ... The United States supports a collaborative diplomatic process by all claimants for resolving the

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various territorial disputes without coercion. ... We encourage the parties to reach agreement on a full code of conduct.”

Meanwhile, China’s phenomenal economic growth over the past three decades has allowed it to build up a stronger military as well as extend its diplomatic influence in regional and global affairs. Beijing has leveraged its charm offensive and soft power to win friends and its active participation in multilateral security forums has reassured its neighbors. However, its hardened positions on territorial disputes and more frequent and resolute measures in enforcing its sovereignty claims in recent years, and its growing friction with the United States and other East Asian states have caused deep concerns among its neighbours. Will China, with its new-found power, expanding interests and ambitions, and growing military capacity, challenge the U.S. primacy and dominate others in East Asia? Will it resort to the use of force to enforce its territorial claims? This research report will discuss recent developments in territorial disputes, resource control, and naval competition in the South China Sea and examine the strategic drivers and rationales behind renewal interest and rivalry for territorial claims and maritime supremacy.

The Re-Emergence of Territorial Disputes

Disputes over the South China Sea, principally the Spratly and the Paracel Islands, began to emerge in the early 1970s when it was discovered that this ocean area may contain significant oil and natural gas deposits. The scramble for islets in the South China Sea further intensified with the signing (1982) and entry into force (1994) of the United Nations Convention on the Law of the Sea (UNCLOS). Historically, China has always claimed sovereignty over the entire Spratly Island groups that are partly or in whole also claimed by Brunei, Malaysia, the Philippines, Taiwan, and Vietnam, and over the Paracels, which is also contended by Vietnam. At the moment, Vietnam holds 29 islands and features; the Philippines, nine; China, seven, Taiwan, one, and Malaysia, five. Indonesia now has uncontested sovereignty over the Natuna Islands in the southern part of the South China Sea and, as a result, a 200-mile zone (or even shelf area beyond that) may extend into what is understood as being the Spratly Island area. One estimate of the ocean areas disputed by the various claimants is over 2,045,000 square kilometers. In February 1992, China’s National People’s Congress (NPC), the country’s putative legislature, passed the Law of Territorial Waters and Contiguous Zone that claims complete control over the land features in the South China Sea and their adjacent waters and asserts that it has power to exercise jurisdiction over its territories.

The disputes over territorial claims have so far already resulted in two military clashes between China and Vietnam (1974, 1988). Chinese occupation of the Mischief Reef in 1995 heightened tension between Beijing and Manila and stoked fear among its neighboring countries of the “China threat.” Beijing subsequently moderated its approach and entered into dialogue with ASEAN on security and territorial issues. On November 4, 2002, the two sides signed the Declaration on the Conduct of Parties in the South China Sea, a major milestone in China-ASEAN relations. Specifically, the Declaration commits the signatory parties “to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner.”13 While ASEAN was not able to get Beijing to sign a code of conduct, which would be a more stringent measure, the declaration at least obliged China to a multilateral approach to the issue, a shift from bilateralism that it had preferred. It was also symbolic in that China had appeared to be accepting ASEAN’s preference for norms and regulation on the dispute.

The renewed tension and territorial disputes in the South China Sea, especially since 2007-08, have been driven by a number of factors and have become increasingly complicated because of the emerging issues beyond simply concerns over sovereignty. Fishing, oil, and great-power rivalry make any solution ever more difficult and elusive.14 The immediate trigger appears to have been decisions of the Meeting of States Parties to the Law of the Sea prescribing May 13, 2009, as the date by which states party to UNCLOS, at the time it entered into force, were required to file either a submission or preliminary information with the Commission on the Limits of the Continental Shelf (CLCS). Malaysia and Vietnam made a joint submission in May 2009 regarding the proposed outer limits for their continental shelves beyond 200 nautical miles. This prompted diplomatic notes of protests from the Philippines and China. In its May 2009 note verbale, Beijing reiterates its position that China “has indisputable sovereignty over the islands of 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.”15 China also attached to its diplomatic note a well-known map with the contested nine-dashed line (the Chinese call it the traditional maritime boundary line or chuantong haijiang xian).

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Beyond this rather vague reference, there has not been any explicit explanation from either Beijing (or Taipei for that matter since both share almost identical claims) on exactly what this line means. As the International Crisis Group notes in a recent report, “China has yet to publicly clarify the legal status of the so-called nine-dashed line that appears on most Chinese maps, encompassing most of the South China Sea.”\textsuperscript{16} The U-shaped dotted line was also delineated in 1914 by the newly established Republic of China (ROC) and was subsequently and officially drawn by ROC in 1947. At the time, no other country raised any issue about the dotted line.\textsuperscript{17} One legal analyst points out that it is unknown “whether what China claims within the line is its national territory, including the islands, underwater rocks, the seabed, and the water column.” While Beijing has yet to explain the famous nine-dashed line, arguably it has nonetheless emphasized in a nuanced manner that the line existed for well over half a century before the UNCLOS implying that China’s claims to its perceived historic interests within the line should be respected.\textsuperscript{18}


Vietnam and other claimant states, understandably, challenge China’s sovereignty claims based on this nine-dashed or U-shaped line. Hanoi has protested against China’s historical rights, stating that it will “not recognize any so-called ‘historical interests’ which are not in

\textsuperscript{16} International Crisis Group, \textit{Stirring Up the South China Sea (I)}. Asia Report No. 223, April 23, 2012, Executive Summary.


consistent [sic] with international law and violate the sovereignty, the sovereign rights of Vietnam and Vietnam's legitimate interests in its maritime zone and continental shelf in the eastern Sea as mentioned in article 14” of China’s EEZ Law. Some analysts hold similar positions, arguing that China’s claims are weak against two principles—“effective occupation” and the UNCLOS rules on EEZs and continental shelves.

To some extent, UNCLOS has provided incentives for claimant states to extend and strengthen their physical presence in the disputed territories. Some analysts point out the tendency of claimant states to invoke and interpret UNCLOS to either justify its own actions or to charge others of misbehavior. That said, Chinese responses and claims in recent years are in line with its long-standing positions on territorial issues and have not, according to some analysts, constituted additional claims; indeed, at a recent press conference, the Chinese foreign ministry spokesman made this statement: "At the core of the South China Sea dispute are the territorial sovereignty dispute over some of the Nansha [Spratly] Islands and the demarcation dispute over part of the waters of the South China Sea. What should be pointed out is that neither China nor any other country lays claim to the entire South China Sea." Nor has Beijing explicitly and deliberately elevated the South China Sea territorial disputes to a “core interest” as some media reports have suggested. Indeed, some Chinese analysts even argue that characterizing the South China Sea dispute as the country’s core interest is not a wise move as it upsets the neighboring countries and could raise the potential stake in Sino-U.S. confrontation.

Another major factor in the re-emergence of territorial disputes in the South China Sea is the growing importance of natural resources in the region for national economic development, including the exploration of deep-sea petroleum and natural gas, fishing grounds, and the significance of marine economy in national GDP in terms of wealth and employment. These considerations further elevate the importance of exclusive economic zones (EEZs) and continental shelf beyond 200 miles, both of which flow from sovereignty over land territory, including islands. Vietnam, for instance, hopes to earn more than half of its GDP through maritime activities such as fishing and petroleum by 2020. China’s maritime economy already represents close to 10 percent of its total GDP.

24 Will Rogers, “The Role of Natural Resources in the South China Sea,” in Patrick M. Cronin, ed., Cooperation from Strength: the United States, China and the South China Sea (Washington, D.C.: Center for a New American
And there comes oil. Fueling China’s fast-growing economy has been its insatiable appetites for raw materials and resources, in particular the energy. China became the second largest oil consumer in 2003 after the United States, overtaking Japan. According to US government estimates, China’s oil consumption in 2010 stood at 9.189 million barrels per day or bpd, out of which its domestic production was only 4.273 million bpd, about 46% of the total. China has also become a net oil importing country since 1993, and now ranks third after the United States and Japan. In 2007, it imported 3.19 million bpd, a ten percent increase over 2006, which amounted to 46% of its total oil consumption, with the balance in imports. At the current rate of growth (around eight to ten percent annually), China is projected to import 7.1 million bpd by 2015, and 13.1 million bpd by 2030, representing 80 percent of its projected oil consumption. With its own oil fields already matured and over-drilled, its dependence on global oil supplies would likely continue to rise. This explains why China’s national oil companies have been busy in securing oil supplies, developing oil fields in foreign countries, and diversifying sources of supplies by moving into Africa, Central Asia, and Latin America.

This recognition of the potential limits to future growth highlights the importance of the South China Sea. While estimates of known and recoverable petroleum and gas vary, nonetheless many claimant states are moving forward with plans to exploit these resources, including joint efforts with foreign companies. Because of overlapping claims, disputes inevitably arise. According to Chinese estimates, by 2008, the five ASEAN claimant states (Vietnam, the Philippines, Malaysia, Brunei, and Indonesia) had contracted over 200 foreign companies and operated 1,824 wells in the disputed waters, with many of them within the so-called nine-dashed line and hence islands and waters claimed by China, producing oil and natural gas in 8,400 tons of oil equivalent annually. China first signed
an agreement with a U.S. company, Crestone, in 1992, to develop oil and gas in Vanguard Bank, an area claimed by Vietnam as part of its continental shelf.\textsuperscript{32}

Disputes over fishing are another major dispute among the claimant states in recent years. With the fish stocks depleting, fishing vessels increasingly move in and out of overlapping claim zones more frequently. Incidents such as detention of fishing boats and crew, and heavy fines become more frequent, further raising tension. Vietnam, for instance, claims that 63 fishing boats and 725 fishermen have been detained between 2005 and 2010. The latest incident involves 21 Vietnamese fishermen and two boats being held on an island near the Paracels by the Chinese enforcement maritime authorities, which demand $11,000 for their release. Hanoi also charges that Chinese patrol boats have cut off Vietnamese oil exploration cables.\textsuperscript{33} Likewise, Chinese fishermen also face detention as their vessels venture into other countries’ EEZs. One such case involved 75 Chinese fishermen detained by Indonesian authorities for alleged illegal fishing in the latter’s EEZs. As China’s fish stocks have depleted due to overfishing, Chinese fishermen are forced to go beyond the immediate littoral.\textsuperscript{34} The ongoing stand-off between China and the Philippines over the sovereignty of the Scarborough Shoal (Huangyan Dao in Chinese and Panatag Shoal by the Philippines) is just the latest episode that highlights the seemingly intractable nature of the disputes, and the scramble for diminishing fish stocks that have led fishermen from the two countries to venture into disputed areas. Manila has proposed to bring the dispute to the International Tribunal on the Law of the Sea, which is opposed by Beijing on the grounds that the Scarborough Shoal is Chinese territory.\textsuperscript{35}

Rising nationalism and domestic politics have amplified these disputes and made any compromises increasingly difficult. Whether it is on internet or in streets, emotional outpours are on display whenever news of territorial encroachment reaches the populace, and these are becoming increasingly frequent, public, and at times violent. Recent demonstrations in Manila and Hanoi, and strong rhetoric by Chinese netizens are good illustrations.\textsuperscript{36} Sovereignty claims in effect are competition for maritime rights. Although the number of island and other insular features in the South China Sea remains small, claims to maritime rights and jurisdiction entitle claimant states to exploit resources such as petroleum and fisheries.\textsuperscript{37} Over the years, countless meetings, workshops, and official


dialogues have been devoted to finding ways to manage if not resolve the territorial disputes, including the Canadian International Development Agency (CIDA) sponsored long-running workshops on the South China Sea initiated in the late 1980s. However, the roles of multilateral organizations and mechanisms for dialogue have remained limited in their abilities to address issues of maritime rights, let alone sovereignty claims. At most, these workshops have tended to focus on the less contentious issues such as environmental protection, safety of navigation, fisheries, among others. The 2002 DOC, for instance, has yet to be fully implemented.38

Partly driven by the need to defend their sovereign claims in the South China Sea, and partly as a result of defence modernization processes, Southeast Asian countries, from Vietnam to the Philippines, have been engaged in defence modernization programs, with naval procurement as the priority. Vietnam, for instance, has purchased six Russian Kilo-class submarines and more than 20 Su-30MK combat aircraft.39 Being the weaker parties their territorial disputes with China, countries like Vietnam and the Philippines are impelled to seek external assistance and support. Hanoi and Manila have strengthened ties with Washington. U.S.-Vietnam relations have improved in recent years, with American naval ships visiting Vietnamese ports and being serviced and a recent agreement on defence cooperation in military medicine. Manila has sought to get Washington to agree that the 1951 Mutual Defense Treaty covers the South China Sea, which the U.S. has resisted; Washington has offered material support and intelligence sharing.40 Clearly, Washington has a narrower and more specific interpretation of its obligations under the 1951 MDT, which for all intents and purposes, "does not automatically cover the [Spratly Islands since it is a] disputed territory which [was] not even claimed by Manila until after the Treaty was signed."41 Hanoi used its position as the ASEAN Chair in 2010 to push for an ASEAN common position on the South China Sea dispute. At the same time, Vietnam continues to maintain regular bilateral contacts with China, seeking to address disputes at the high-level political, party, and military dialogues.42 From Beijing's perspective, the involvement of external powers internationalizes and politicizes the issue, making any solution ever more


elusive. However, its attempt to block discussion of maritime disputes at the East Asia Summit was not successful as 16 of the 18 leaders mentioned the issue, even though Chinese Premier Wen Jiabao emphasized that “the EAS is not the appropriate place to discuss the South China Sea issue.” The U.S. in particular called for a regional solution to the disputes, a veiled rejection of the China’s preferred one-on-one approach.

Despite recent tension between China and a number of ASEAN countries, many analysts conclude that maritime disputes in the South China Sea are manageable even though the prospects for their resolution remain rather elusive. This cautious optimism is underlined by the shared recognition that any major conflicts, including the use of military force, will entail extreme costs to all concerned. China’s economic ties with ASEAN have never been stronger, with annual trade reaching $350 billion last year and could reach $500 billion in 2015. At the same time, it is widely accepted that despite this growing economic interdependence, ASEAN countries remain suspicious of China’s intentions and are hedging against future contingencies by strengthening their ties with the United States. This coincides with the Obama administration’s strategic pivot toward Asia, which in turn antagonizes Beijing. However, I would argue that on balance, ASEAN countries, including those with territorial disputes with China, would still want to maintain stable relationships with Beijing even as they seek U.S. support as an assurance against Chinese coercive behavior or even bullying. After all, there is no common position within ASEAN on the territorial issues, excepting a premium on their peaceful resolution, and South China Sea issues are only one aspect of the group’s increasingly interdependent and complex relationship with a rising China. Indeed, the July 2012 ASEAN foreign ministers meeting held in Phnom Penh, Cambodia ended without issuing a joint communiqué due to failure in reaching a common position on the South China Sea disputes.

Recognition of the potential negative impacts of escalation in territorial disputes has led the claimant states to compartmentalize the disputes so as to minimize their impacts on other aspects of bilateral relationships. In both the China-Vietnam and China-Philippine cases, disputes over sovereignty claims, fishing grounds, and oil extraction are taking place while high-level diplomacy and official consultation continue. Trade agreements are signed, as are pledges on seeking peaceful resolution to the disputes. For instance, the heightened tension between Beijing and Hanoi has been noticeably calmed down with Vice President Xi Jinping’s visit in late 2011. Indeed, the two sides have maintained regular dialogue and essentially separated territorial disputes from still functional and normal bilateral relations.

43 Li Jinming, “Nanhai zhengyi xianzhuang yu quyuwai daguo de jieru [The Status of the South China Sea Dispute and the Involvement of External Powers],” *Xiandai Guoji Guanxi [Contemporary International Relations]*, no. 7 (July 2011), pp. 1-8, 38.
in other areas.\textsuperscript{47} In the case of Sino-Philippine relations, the recent standoff over the Scarborough Shoal has yet to lead to complete diplomatic rupture between the two countries. Indeed, only in March this year, Manila and Beijing launched the “China-Philippine Friendship and Exchange Year.” Furthermore, bilateral trade reached $30 billion last year and the two countries have set their sights on expanding the trade volume to $60 billion by 2016.\textsuperscript{48}

I submit that the re-emergence of disputes in the South China Sea has demonstrated both the limitation of the role that regional institutions such as ASEAN, ARF and the East Asian Summit (EAS) can play, and has also led to renewed efforts in developing effective multilateral mechanisms at conflict prevention and dispute resolution. One could argue that ASEAN has played a useful role in developing and adopting its own declaration on the territorial disputes based on the principles enumerated in the 1976 Treaty of Amity and Cooperation (TAC). The 2002 DOC, while far from being a binding document, at least commits the parties, including China, to seeking peaceful ways to settle territorial disputes in the South China Sea. However, unless ASEAN can speak with one voice, its role in mediating the South China Sea territorial disputes will remain limited if not altogether ineffectual.\textsuperscript{49}

The same can be said with regard to ARF, which has over the past two decades barely moved beyond the phase of confidence building to the next one of preventive diplomacy, to say nothing of conflict resolution. While ARF has played an important role in socializing China, keeping the United States involved in the region, and institutionalizing great power relations, it has yet to tackle hard security issues such as the North Korean nuclear program, the Taiwan Strait, and the South China Sea disputes. Recent years have seen more modest progress toward greater cooperation on non-traditional security issues such as piracy, illicit trafficking, and humanitarian relief; however, where the South China Sea is concerned, there is no consensus and Beijing's strong objection has greatly limited ARF's ability to undertake any preventive diplomacy role.\textsuperscript{50} With the participation of the U.S. in 2011, EAS can possibly provide a platform where, with Washington's support, concerns over South China Sea issues can be expressed. However, with Beijing clearly unhappy over what it perceives to be an “internationalization” of disputes between claimant states that in its view can best be handled bilaterally, it is still unclear and unlikely that the EAS will be any more effective—or more acceptable to China, than other regional institutions, as a venue to mediate disputes.

\textit{Maritime Disputes and China’s Pursuit of Sea Power}

Beijing’s approaches to the South China Sea issue have undergone changes over time. In the 1950s, the Chinese government on numerous occasions stated its territorial claims were

\begin{itemize}
\item Jiang Xun, “Xi Jinping fang yuenan huajie nanhai weiji [Xi Visits Vietnam to Defuse Crisis in the South China Sea],” \textit{Yazhou Zhoukan} [Asia Weekly], January 8, 2012, pp. 22-23.
\item Hoffman, “Sino-Philippine Tension.”
\end{itemize}
based largely on historical discoveries; however, due to distance and lack of capabilities, China was not able to enforce its claims. Instead, China has pursued a delaying strategy focusing on status quo and responding to others’ claims should the latter arise. At the same time, driven by its organizational interest, the Chinese Navy (PLAN) has consistently pushed for effective control of the Paracels and the Spratlys, resulting in direct military clashes with the South Vietnamese (1974) and Vietnam (1988). After the 1974 victory over South Vietnam that resulted in Chinese takeover of the Paracel Islands, PLAN began construction on the seized islands to consolidate its control over the entire archipelago. Apart from these two military clashes with Vietnam, China has rarely resorted to the use of force, even though it considers actions by other claimant states as encroaching on its sovereignty.\(^5\) In 1992, the Chinese National People’s Congress promulgated a law on “Territorial Sea and the Contiguous Zone” that covers island groups in the South China Sea, including the Spratly Islands (Nansha) and the Paracel Islands (Xisha). While arguably in general accordance with UNCLOS provisions, the Chinese legislation has also proven to be controversial, as it claims sovereignty over features also claimed by other states, such as Vietnam and Japan.\(^6\) A series of legislation has been published since then, including the 2009 Law on Sea Island Protection, which establishes broad administrative responsibilities over China-claimed offshore islands. In addition, since 1999, China has also imposed ban on fishing over 128,000 square kilometers of waters in disputed territories with Vietnam; enforcement of the unilateral ban involves lengthy and regular patrols and run-in and detention of foreign fishing boats and fishermen. Vietnam and the Philippines have responded and retaliated in kind.\(^7\)

Disputes over the South China Sea, between China and a number of other claimant states, escalated in the early 1990s, highlighted by the promulgation of the 1992 law and the occupation of the Mischief Reef in 1995. ASEAN reacted by issuing the Declaration on the South China Sea, which called on the parties concerned to settle their disputes through peaceful means. China made it clear that it would not accept any multilateral discussion of the issues. However, since the late 1990s, Beijing has modified its position to an extent and has signed a number of instruments with ASEAN, including the Declaration on the Conduct of Parties in the South China Sea (2002), the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation (2002), and the Treaty of Amity, Cooperation in Southeast Asia (2003). Bilaterally, China and the Philippines also reached agreement on an eight-point code of conduct in August 1995. These developments have helped improve China-ASEAN relations, paving the way for greater economic integration and preventing conflicts over territorial disputes.\(^8\)

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While refraining from seizing new features in the South China Sea, China has nonetheless sought to reinforce its territorial claims in diplomatic and administrative ways. Diplomatically, Beijing demonstrates its claims to sovereignty in response to other claimant states’ activities such as joint energy exploration with foreign companies in areas considered to be Chinese maritime territories. For instance, the 2008 withdrawal of Exxon Mobil from a major offshore oil concession offered by Vietnam reportedly was attributed to veiled threat from China, which also claims sovereignty over the area. China’s maritime administrative and enforcement agencies, such as the Maritime Safety Administration, the China Maritime Police, the Fisheries Law Enforcement Command, exercise jurisdiction over what it claims to be its national waters, including routine patrols, detention and dispel of foreign fishermen/ships, and other maritime enforcement activities. Since 2008, China Maritime Surveillance has maintained regular law enforcement patrols covering all national waters under Chinese jurisdiction from the month of the Yalu River in the north to the southern end in James Shoal. A recent patrol by China Maritime Surveillance’s South China Sea Brigade detected more than 30 oil/gas rigs/platforms operated by foreign companies within China’s national waters. However, it has been pointed out that the multiple maritime law enforcement agencies in China have caused redundancies, poor coordination, and inefficiency, with each pursuing its own agenda, motivated by institutional interests of larger budgets and greater power and prestige. According to the International Crisis Group, “the conflicting mandate and lack of coordination … have stoked tensions in the South China Sea. … Any future solution … will require a consistent policy from China executed uniformly throughout the different levels of government along with the authority to enforce it.” Indeed, even the Chinese themselves have acknowledged this problem, with some prominent analysts now calling for reform and re-organization and even the establishment of China’s own coast guard. To that effect, it has been reported that a new ad hoc “Leading Small Group on the South China Sea” issue was set up in 2010, chaired by Dai Bingguo, the State Counselor in charge of foreign affairs.

Official Chinese positions on the territorial issues have remained unchanged; nonetheless, surprisingly diverse views on how to manage the South China Sea conflicts among Chinese analysts have emerged in recent years. On the one hand, there are, quite expectedly, strong voices calling for more assertive responses to perceived “encroachments” by other claimant states, including the use of economic sanctions and even force to show China’s resolve. These typically come from the PLA, which in recent years has become more vocal regarding the South China Sea. However, these extreme views do not reflect official

56 Lyle J. Goldstein, *Five Dragons Stirring Up the Sea: Challenge and Opportunity in China’s Improving Maritime Enforcement Capabilities* (New Port, RI: China Maritime Studies Institute, Naval War College, April 2010); Fravel, “China’s Strategy in the South China Sea.”
59 International Crisis Group, *Stirring Up the South China Sea (I)*., p. i.
positions; nor do they influence government policies, which have remained restrained. Moreover, the majority view appears to advocate for cautious and moderate approaches. Indeed, some even suggest that negotiation should be the approach to addressing maritime territorial disputes.62 Research and interviews with the region’s analysts, including Chinese experts, do not suggest that China will resort to the use of force to solve territorial disputes given the reputational and developmental costs. There are nonetheless growing concerns from this community of Chinese experts that the United States is using South China Sea disputes to justify a “re-pivoting” to the region in an effort of “soft” containment of China. Meanwhile, there is also consensus that recent tensions have been largely caused by other claimant states and China has been placed in an awkward position of either demonstrating restraint, which would be seen as weakness, or else asserting its sovereign rights in the South China Sea, which in turn would be viewed negatively as evidence of bullying of smaller and weaker neighbours by a rising China intent on flexing its muscles. For some time to come, the official Chinese position will likely be to stand firm on sovereignty issues while seeking ways to contain and limit the costs of potential conflicts, and for peaceful resolution.63 For instance, Beijing reacted vehemently after Vietnam’s National Assembly approved the Law on the Sea of Vietnam (also called Maritime Law of Vietnam) on June 21, 2012, which claimed sovereignty over the Paracel and Spratly Islands. The Chinese government also announced the establishment a prefecture-level municipality to administer the various island groups in the disputed area.64 In view of a limited ability to “seize and control disputed territories,” and China’s domestic priorities, both would caution against a more aggressive and militarized approach to territorial disputes for the foreseeable future.65

China has called on all claimants to resolve territorial disputes through peaceful means, refrain from unilateral actions, and engage in joint development for mutual economic benefits. However, at the same time, Beijing has opposed any attempt to establish either multilateral or international mechanisms to handle the disputes, arguing that the only way to address them is through negotiations by the countries concerned, and in effect bilaterally. This explains why Beijing has preferred to discuss the territorial issues with the relevant parties directly, not with ASEAN as a bloc, while the latter has a long-standing practice of dealing its partners collectively and after internal consultation first.66 Beijing nonetheless has participated in multilateral meetings with ASEAN since the early 2000s, including signing the Declaration on the Conduct of Parties in the South China Sea in 2002

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Beijing seeks to reassure others, stating that it is committed to keeping sea lanes open and proposed funding maritime cooperation with its neighbors. At the same time, ASEAN has been cautious in walking a delicate line between welcoming America’s role in the South China Sea mediation and not affronting China directly as a collective group. For instance, at the 2nd U.S.-ASEAN Leaders Meeting, the final joint statement, while reaffirming the importance of regional peace and stability and unimpeded commerce and freedom of navigation, contained no explicit reference to the use or threat of force, or to the South China Sea by name. After the November 2010 ASEAN-China Summit in Hanoi, at which the Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity (2010-2015) was released, Beijing pledged to work with ASEAN to “push forward the full and effective implementation of the DoC in the South China Sea” and “toward the eventual conclusion...of a code of conduct in the South China Sea.” At the 14th China-ASEAN Summit held in Indonesia’s Bali Island in November 2011, Chinese Premier Wen Jiabao proposed a number of steps to deepen China-ASEAN cooperation, including in the maritime field. Wen pledged to provide $10 billion in loans for infrastructure projects in ASEAN countries; he also promised to set up a China-ASEAN maritime cooperation fund (three billion yuan) to promote cooperation. Likewise, at the ASEAN-China senior officials meeting in July 2011, the Chinese side also made various specific proposals on, among other things, the convening of a symposium on freedom of navigation, and the establishment of special committees on marine scientific research, navigational safety, environmental protection, search and rescue.

Peter Dutton of the U.S. Naval War College argues that the recent heightening of tension in the South China Sea displays three disputes China is engaged in: territorial sovereignty claims, jurisdiction over seabed and waters; and balance between coastal states and

67 Ian Storey, “China’s Bilateral and Multilateral Diplomacy in the South China Sea,” in Cronin, Cooperation from Strength, pp. 53-66; Garver, “China’s Push Through the South China Sea.”
70 “Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity,” ASEAN website, http://www.aseansec.org/16805.htm
international rights to navigation for military purposes. Beijing’s objectives are to promote regional economic integration, control over energy and resources, and enhanced security to protect its interests.\textsuperscript{72} Chinese assertiveness in its claims over the Spratly Islands has also been informed by its strong sense of sovereignty and territorial integrity, and more pragmatic economic security considerations, including securing a peaceful external environment for economic development and protecting the country’s economic interests, and securing its land, air space, and its territorial waters. The growing attention to maritime interests and the cultivation of a “conception of sea as territory” (haiyang guotuguan) reflected both recognition of the potential of maritime resources for national economic development and a realization that China must enhance its ability to protect its perceived maritime territories.\textsuperscript{73}

The past ten years have witnessed an emerging Chinese debate between two competing interpretations and visions of the defining nature and direction of the country’s future power status: whether China is and should remain a continental power or pursue to be a great sea power. Without a doubt, China’s growing integration into the global economy has raised its awareness of its maritime rights and interests, as do its maritime activities. As discussed above, the Chinese economy is heavily dependent on international trade, and continued growth relies on the safe and secure supply of raw materials and energy, especially oil. While Beijing has been paying increasing attention to the Indian Ocean Region, in recent years, a so-called “sea consciousness” is being introduced into the pages of Chinese media and academic journals. “Blue territories” and “invisible boundaries” now become hot topics as China’s interest in and dependence on the oceans increase. Beijing’s official position has always been that based on the United Nations Convention on the Law of the Sea (UNCLOS), China has over three million square kilometers in maritime territories under its management, including continental shelves and the 200-mile exclusive economic zones (EEZs) in the East and South China Sea. Taken together these vast maritime territories provide potentially enormous resources for China’s large population. Oceans provide the economic lifelines, serve as the platforms for military command of the commons, and could be the high frontier of science and technology, and therefore the fertile grounds for competition and control.\textsuperscript{74}

The Chinese government in the past two decades has issued various laws and documents as a reflection of its growing recognition of maritime rights. For instance, the 11\textsuperscript{th} Five-Year Program states that the country need “to strengthen the protection of islands...improve the


\textsuperscript{73} Ju Hailong, Zhongguo Haiquan Zhanlue [The Strategy of Chinese Sea Power] (Beijing: Shishi chuban she, 2011); Guo Yan, Diyuan Zhengzhi yu Nanhai Zhengduan [Geopolitics and the South China Sea Disputes] (Beijing: China Social Sciences Press, 2011); Hai Tao, “Zhongguo haijun yingdazao ‘taipingyang jiandui’ [China Should Form a Pacific Fleet],” Guoji Xiangdu Daobao [International Herald Leader], December 5, 2011.

demarcation of maritime areas, regulate the orderly use of the sea” and “develop in a focused way the resources in the exclusive economic zone, continental shelf, and international seabed.” The 2006 Defense White Paper states that the PLAN is charged with developing a “gradual extension of strategic depth for offshore defensive operations.” Some of the Chinese maritime laws and regulations including the following: “National Regulation on Uninhabited Islands” (June 2003; jointly issued by the State Oceanic Administration, the Ministry of Civil Affairs; and the PLA); “Exclusive Economic Zone and Continental Shelf” (January 1998); “Law of the Territorial Sea and the Contiguous Zone” (February 1992).75

Chinese analysts increasingly recognize the growing importance of sea and maritime interests in the development of China’s overall military capabilities. They argue that China should transition from its status as a traditional land power to one capable of pursuing and defending its maritime geo-strategic interests.76 It has been pointed out that the reason China cannot resolve the South China Sea territorial disputes to its favor is due to its weak navy, especially its far-sea (yuanyang) operating and control capabilities. Some Chinese analysts have argued for a blue water navy and power projection capabilities commensurate with China’s growing international role and reflecting the country’s increasing dependence on overseas oil and its need to secure crucial sea lines of communication (SLOCs).77 PLAN has over the years pushed for taking a stronger position on the territorial issues in the South China Sea, apparently to boost its own budget. Admiral Liu Huaqing, PLAN commander in 1982-88, was a vocal advocate for asserting China’s sovereignty over the rich maritime resources.78

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77 See, for example, Zhang Wenmu, “Jingji quanqiuhua beijingxia de zhihaiquan wenti [The Issue of Sea Control Against the Background of Economic Globalization], May 16, 2007, in Eastday’s online military section.
78 Garver, “China’s push.”

Clearly, the South China Sea issues are more than sovereignty claims. This is a region of strategic importance, connecting the Indian Ocean and the Western Pacific, and with vital sea lines of communication that ensure the flow of international trade and the transport of resources and energy for many of the region’s economies. Issues such as proliferation of weapons of mass destruction (WMDs), maritime terrorism, piracy, illicit trafficking in drugs and arms, oil spills and pollution, illegal fishing, are now becoming more prominent. The great powers contend for the command of the common while littoral states engage in naval buildup to enable them exercise control over what they see as their maritime territories.79 For China, the debate is whether its maritime strategy should remain one of “near sea offense and deep sea defense.” This strategy is based on China’s near-term objective of preventing Taiwanese independence and blocking U.S. intervention to support

such a development, as well as on recognition of the practical limits of China’s current and projected naval capabilities. Recognizing that China has unresolved territorial disputes with a number of Southeast Asian countries and that the contested areas may contain oil and gas resources, such a strategy would also enable China to defend its sovereignty and maritime economic interests in this arena.80

Since he became the Central Military Commission Chairman in 2004, Hu Jintao has paid particular attention to naval modernization. He called on the PLA to undertake the “new historical missions,” which include the military’s new role in safeguarding China’s growing interests in maritime, space, and electromagnetic space and participation in international peacekeeping operations. Hu has also placed great emphasis on the country’s energy security, therefore elevating the importance of the South China Sea, with its rich fossil fuel deposits and its critical position straddling major SLOCs connecting the Strait of Malacca and the Indian Ocean, where more than 40% of China’s oil imports are shipped.81 The PLAN’s mission therefore is not just coastal areas but also toward “blue navy” posture and expansion of scope of maritime strategic defence; however, for the time being, the goals seem to be rather modest and focus on control of China’s adjacent waters and a sea-denial capability within the first island chain by 2010-2020.82 A regional navy will be down the road that in theory could meet China’s growing maritime interests. Others suggest that China may have a much more ambitious plan, with PLAN officers talking about three ocean-going fleets that cover the Western Pacific, and the Indian Ocean and the Strait of Malacca. Should the PLAN adopt a “far sea” strategy, it would have major implications for the future development of its naval capabilities and with far-reaching impacts on the Indian Ocean.83

While the jury is still out, it appears that China’s current naval order of battle will leave the PLAN little choice but to focus on the near sea option, rather than deploy a powerful blue water surface fleet. The focus will likely remain deterrence against Taiwan independence and the development of abilities to prevent external military powers from getting involved should a military conflict over the Taiwan Strait break out, e.g., the deployment of anti-
access and area-denial as well as sea-based second-strike nuclear capability.\textsuperscript{84} It also entails the ability to protect China’s major trade and energy transport routes that run from the Indian Ocean and the Strait of Malacca, through which 80 percent of its oil imports are shipped. Along this line, Chinese maritime focus will remain on the offshore or near sea areas that extend to include the Taiwan Strait, the latest Department of Defense report on Chinese military power to the contrary. The PLAN’s likely mid-term (10-15 years) ambition could lead it to pursue capabilities that go up to and even beyond the so-called “second island chains” and possibly the Malacca Strait. Any ventures toward deep seas, including the Indian Ocean, will largely be a function of how the Taiwan Strait and the South China Sea issues are managed and/or resolved. In sum, while current Chinese discussions and debates on maritime strategy recognize the critical link between interests, rights, and naval capabilities, these remain by and large aspirations for the time being.\textsuperscript{85}

For years, the choices between a blue-water navy that focuses on aircraft carrier groups and submarines have tended to be biased toward the latter due to a combination of political-diplomatic and technical-financial considerations. But change may have already taken place. With double-digit growth in defence spending over two decades, the Chinese military, and its navy in particular, is procuring major weapons systems, including submarines, surface ships, and ship-borne fighter aircraft. Sea trials of the first aircraft carrier have taken place. There are also talks about developing up to four indigenously manufactured carriers by 2020. Indeed, for some Chinese analysts, whether or not a country will pursue and own aircraft carriers has less to do with its financial capabilities than where and how its national interests inform that decision.\textsuperscript{86} Now the issue becomes what types of aircraft carriers China is going to build and more importantly, to what purpose will it be put to use.\textsuperscript{87} And the Chinese navy has in recent years conducted more frequent and high-profile military exercises demonstrating its power projection capabilities. In 2010 alone, four high-profile and large-scale naval exercises were conducted. A large number of warships ranging from \textit{Sovremenny}-class destroyers, \textit{Kilo}-class submarines, modern missile destroyers, fighter bombers, marine corps units, and drawn from all three fleets participated in these exercises, which involved live firing and anti-submarine warfare, simulated attacks on enemy fleet formations, and missile firing. These exercises demonstrate the Chinese military’s growing capacity to sustain larger and longer-period naval deployment into the South China Sea.\textsuperscript{88}


Competing for Primacy in the Commons

The past decade has witnessed the phenomenal rise of China, in economic power, political influence, and military capabilities. Beijing’s more assertive behavior in the South China Sea, and its direct challenges to U.S. intelligence gathering and surveillance activities and joint military exercises with allies either close to, or in Chinese EEZs, confirms the realist arguments that rising powers have expanding agendas, tend to redefine and assert its interests, and are in general disruptive and threatening to the existing international system.\(^9\) Indeed, while most analysts would readily dismiss any near-term direct military conflicts between China and the other claimant states, both because of the sheer asymmetry in capabilities and the political repercussions for Beijing, the same cannot be said about Sino-U.S. encounters on the high seas in western Pacific. Indeed, growing Chinese assertiveness with regard to activities of foreign military ships operating within and/or near its EEZs, poses a serious challenge to long-held U.S. support for the principle of freedom of navigation, and particularly the U.S. view of what freedom of navigation entails, including its ability to conduct surveillance and intelligence gathering, and could lead to serious confrontation.\(^90\)

In June 1988, China officially promulgated the Law on the Exclusive Economic Zone and the Continental Shelf. Chinese analysts insist that “any military activity that is harmful to the coastal state’s sovereignty or security in the exclusive economic zone is illegal and cannot be tolerated.”\(^91\) When China ratified UNCLOS in 1996, it made the following statement regarding innocent passage: “The provisions of the United Nations Convention on the Law of the Sea concerning innocent passage through the territorial sea shall not prejudice the right of a coastal State to request, in accordance with its laws and regulations, a foreign State to obtain advance approval from or give prior notification to the coastal State for the passage of its warships through the territorial sea of the coastal State.”\(^92\) In other words, “foreign military vessels must provide prior notification before entering an EEZ and that foreign military activities involving hydrography, surveys, and intelligence-gathering

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within the EEZ are illegal because they signify hostile intent and thus violate the ‘peaceful purposes’ provisions of UNCLOS.”

The contention over military activities in EEZs is nothing new. The issue was controversial during the UNCLOS negotiation, with Articles 56 and 58 in effect granting coastal states rights over economic resources; otherwise the UNCLOS has preserved the existing regimes of freedom of navigation, including military activities in coastal state EEZs, from collecting intelligence to naval exercises. U.S. analysts emphasize that what the UNCLOS has granted to coastal states are the sovereign rights—but not sovereignty—over their EEZs and only for economic and resources management purposes, marine scientific research, and the protection of environments. User states should give due respect to these rights according to international law. However, with the advance of technology, it is becoming increasingly difficult to separate military from economically relevant activities, for instance, hydrographical and military surveys as distinct from marine scientific research. At the same time, military activities in or near coastal state maritime jurisdiction areas have been increasingly viewed as at best unwelcome and at worst posing serious threats their national interests. Indeed, there are unconfirmed reports that China is actively seeking the support of other coastal states in an effort to interpret UNCLOS in ways that could give them more legitimacy in opposing foreign military activities in EEZs under their jurisdiction. Given the unresolved territorial issues, which result in overlapping claims and cris-crossing EEZs, additional disputes arise.

These fundamental differences in the interpretation of either UNCLOS or customary international law have resulted in occasional tension and escalation between the U.S. and Chinese militaries, such as the EP-3 collision of April 2001 and the Impeccable incident of March 2009. The latter case in particular can be seen as a direct challenge to the ability of the U.S. to navigate in international waters or even EEZs unencumbered. Additionally, U.S. concession to Chinese coercion could undermine its regional strategy and cause deep concerns among its allies and partners on its trust worthy-ness and reliability as a security guarantor. Clearly, U.S. interests in the region, including its ability to prevent proliferation of weapons of mass destruction, piracy and illicit drug trafficking, as well as its security obligations to its allies and partners, require that the U.S. navy access military and commercial sea lanes unnumbered, including freedom of navigation in EEZs without prior notification of military activities. However, the U.S. positions and protests have also been greatly undermined by the fact that it has yet to accede to UNCLOS.

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93 Swaine and Fravel, “China’s Assertive Behavior.”
94 Pedrozo, “Close Encounters at Sea”; Odom, “The True ‘Lies’.”
98 Mark J. Valencia, Foreign Military Activities in Asian EEZs: Conflict Ahead? NBR Special Report #27 (Seattle, WA: The National Bureau of Asian Research, May 2011). There are growing calls for U.S. ratification of the UNCLOS, with the Senate in recent months holding hearings where Obama administration ranking officials,
The implications for the U.S. are enormous. Military activities in the open seas, including within EEZs of coastal countries, are recognized right under international law. UNCLOS allows coastal countries to exercise jurisdiction over resource use and environmental protection, but does not give them the right to restrict foreign military activities unless they affect the natural resources or are tied to marine scientific research.¹⁹⁹ For Washington, Beijing’s behavior could gradually erode the foundation of international maritime law through its interpretation of the existing law and by stipulating its own maritime law. In particular, the traditional interpretation of the law of sea is being challenged, by transforming EEZs from zones of jurisdiction over resources rights to more expansive assertions of what constitutes marine scientific research subject to prior consent.¹⁰⁰ Also at stake, according to U.S. analysts, are the international rules of the road, in particular where navigational safety is concerned. Soon after the *Impeccable* incident took place, the Commander of U.S. Pacific Command, Admiral Timothy Keating, testified before the U.S. Senate Armed Services Committee stating that the incident “is certainly a troubling indicator that China, particularly in the South China Sea, is behaving in an aggressive, troublesome manner and [is] not willing to abide by acceptable standards of behavior or ‘rules of the road’.” In other words, even where disputes over the content of rights like freedom of navigation remain unsettled, parties should still respect the Convention on the International Regulations for Preventing Collisions at Sea (COLREGs) that govern how vessels should operate safely in the vicinity of other vessels.¹⁰¹

China’s concern over U.S. aerial and maritime surveillance and intelligence gathering activities must also be seen in the context of its ongoing defense modernization programs, including the *Jin*-class Type 094 nuclear ballistic missile submarines (SSBNs), which are based in Sanya, Hainan Island.¹⁰² Each Type 094 will carry 12 Julang-2 (JL-2) missiles, a modified version of the DF-31 with a range of 7,200 km (4,500 miles).¹⁰³ While the 2011 Pentagon report on Chinese military recognizes that “the JIN and the JL-2 will give the PLA

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Navy its first credible sea-based nuclear capability,” it points to repeated delays in their deployment. Mark Valencia, a veteran observer of the South China Sea disputes, makes this observation:

Is the United States legally correct in its assertion of “freedom of navigation and overflight of the high seas” to justify the operation of its military aircraft and vessels in other states’ EEZs? The answer is neither simple nor straightforward and depends in part on what exactly the aircraft and vessels are doing—which is for the most part classified. In the case of the EP-3 incident, some have speculated that the electronic intelligence (ELINT) plane, rather than passively collecting data, was actively “tickling” China’s onshore defence communications and interfering with shore-to-submarine communication. In the case of the Impeccable, it has been speculated that the ship was tracking China’s newest nuclear submarines.  

Other developments in China’s defence modernization efforts and doctrinal developments also draw U.S. attention, and that explains its continued military surveillance and intelligence gathering activities into Chinese EEZs. One is the concept of “anti-access”—the idea of disrupting, weakening, and denying U.S. ability to deploy troops to overseas theaters of operations given the American military’s dependence on such assets as forward basing, depots, information networks, SLOC, among others, to ensure operational effectiveness and successes. A RAND study defines an anti-access measure as “any action by an opponent that has the effect of slowing the deployment of friendly forces into a theater, preventing them from operating from certain locations within that theater, or causing them to operate from distances farther from the locus of conflict than they would normally prefer.”

Another development is an emerging missile-centric strategy. China has reportedly deployed a new variant of the DF-21 MRBM. The DF-21D ground-based anti-ship ballistic missile (ASBM), equipped with a maneuverable reentry vehicle (MaRV), which can hit moving targets with a range of 1,650 km, has reached an “initial operational capability” (IOC), according to a statement made by the U.S. Pacific Command (PACOM) Commander ADM Robert Willard. This assessment has been confirmed by the Chinese media and by Taiwan’s National Security Bureau Director Tsai Der-sheng at a March 2011 testimony before the Legislative Yuan. A Taiwan defence source suggests that up to 12 DF-21D

105 Valencia, Foreign Military Activities in Asian EEZs, p. 11.
107 Roger Cliff et al., Entering the Dragon’s Lair: Chinese Antiaccess Strategies and Their Implications for the United States (Santa Monica, CA: RAND, 2007), p. 11.
ASBMs have been deployed in southern China. DF-21D has been described as the carrier killer, the most lethal weapon that is designed to target moving aircraft carrier.

These developments must be placed within the broader geo-political transformation taking place in the Asia-Pacific. U.S. wars in Afghanistan and Iraq over the past decade and its fixation on the global war on terror have resulted in inconsistent policy and inattention to the region. Meanwhile, China’s rapid economic development over the past decade and its charm offensive in Southeast Asia, have greatly enhanced its position. Chinese military developments, especially its naval buildup and growing anti-access and area-denial capabilities, are beginning to challenge U.S. preeminence in Western Pacific. While the principal driver for Chinese defence modernization has been to deter and to raise the costs of U.S. intervention in the Taiwan Strait, increasingly, the Chinese military is looking beyond Taiwan to develop and project power past the first island chain and increasingly also westward to the Indian Ocean Region.

However, growing naval capabilities, including but not limited to submarines, and increased patrols, could result in more accidents, with potentially serious consequences. China and the U.S. in particular, have in recent years entangled in a number of high-profile incidents such as the 2001 EP-3 mid-air collision and the 2009 Impeccable incident. The existing bilateral confidence building arrangements such as the Maritime Military Consultative Agreement and the annual Defense Consultative Talks have yet to establish clear rules of the road. This is due largely to the major differences between China and the United States regarding the merits, the modality, and the sequence of establishing confidence-building measures (CBMs). For Washington, developing CBMs, especially where overlapping interests and maritime encounters are growing, is critical to managing potential disputes and prevent minor incidents from escalating to major confrontation. Beijing, on the other hand, continues to insist that strategic trust and intention must precede any specific CBMs, and specifically, is reluctant in acquiescing U.S. rights to military surveillance and intelligence gathering close to China’s territorial waters.

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114 For a recent analysis of this issue, see Rory Medcalf and Raoul Heinrichs, with Justin Jones, Crisis and Confidence: Major Powers and Maritime Security in Indo-Pacific Asia (Sydney: Lowy Institute for International Policy, June 2011).
But as the EP-3 and the Impeccable incidents demonstrate, without proper rules of the road, future incidents could re-occur and risks exist for escalation, leading to military conflicts that neither side would benefit. In this context, the 1972 U.S.-Soviet Agreement on the Prevention of Incidents at Sea would still be valuable. However, as the commander of U.S Pacific Navy suggests there are more than philosophical differences that impede a healthy development of military-to-military relationship. Beijing is deeply distrustful of U.S. intentions in the region and it continues to link the Taiwan arms sale issue to the development of comprehensive U.S.-China military ties. Granted, due to different historical experiences, threat perceptions, strategic culture, there will be different expectations, interpretations, and therefore different degrees of receptivity to developing confidence building measures. Nonetheless, these should not be allowed to become the excuse and obstacles to developing mechanisms for safe management of maritime operations.

Concluding Remarks

Several tentative conclusions can be drawn from the report. First, disputes over maritime sovereignty in the South China Sea have been going on for well over four decades, while the intensity and manifestation vary depending on the larger geo-strategic environments in the region. Although solution to sovereignty issues and indeed their clarification remains out of reach at the moment, the latest contention reflects claimant states' efforts to stake out and stand firm on their positions, in the hope that occupation, continuous administration, or just repeated claims will enable them to establish legitimacy and negotiate from positions of strength in the future. It can be argued that beyond these limited goals, none can realistically and forcefully impose its own version of sovereignty, nor has any country had the technical means to tap the yet to be determined resources, with the shows of resolve if not force itself largely having the domestic constituencies in mind but highly disruptive of regional peace and stability, undermining each’s fundamental security interests in the long run.

Second, for rising powers like China, the South China Sea disputes raise more important, strategic, questions. How to uphold sovereign claims over the vast maritime territories without currently being capable of enforcement, while threats and rhetoric can be distractive, reputation-tarnishing, and counterproductive to its long-term goals of exercising influence through soft power and economic interdependence. These considerations most likely explain Beijing’s recent moderation of policy stance, a tactical shift that can strengthen its broader strategic positions, not a sign of abandoning its

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sovereignty claims. At the same time, territorial disputes, the Taiwan issue, and China’s growing dependence on maritime trade and resource imports have presented the Chinese military with new challenges and missions. These would include asserting maritime rights in the Western Pacific with a view to deterring U.S. from naval intervention in cross-Strait relations and the need to focus on maritime power projection into the Indian Ocean to secure the safe supplies of the country’s energy imports and maritime trade.

Third, U.S. determination to retain its navigational rights and its ability to access East Asian markets and provide assistance to its allies has been and will continue to be challenged by China, which considers such posture as at least unwelcome and at most hostile. Increasingly, Beijing explains its actions—seen by the U.S. navy as highly risky and unjustified—as based on UNCLOS definitions on coastal states rights and jurisdiction over EEZs and consequently the rightful restrictions on military activities of foreign vessels. Washington rejects such claims and interpretations. However, such differences and determined pursuits by both sides to assert its rights could lead to major incidents, as the EP-3 and Impeccable have demonstrated. The existing bilateral military CBM arrangements such as the MMCA and DCT have proved inadequate in responding to and managing potential crisis. Indeed, the overall military-to-military contacts remain the weakest link in bilateral relations. This being the case, much needs to be done and both Beijing and Washington must appreciate the danger of misunderstanding and escalation. This requires both bilateral (U.S-China and China vis-à-vis its key claimant states) and multilateral efforts (ARF, ASEAN plus one, plus three, East Asia Summit) for crisis management, conflict control, and confidence building.

Finally, understanding and recognizing the role of domestic actors in foreign policy making, especially in what are traditionally viewed as authoritarian and unitary states such as China and Vietnam is critical to identifying the sources of conflicts and in locating the right interlocutors for meaningful dialogue and negotiation among key claimants. Related to this argument is the question of whether assertive behavior in these countries typically is reflective and in alignment of domestic leadership transition. A preliminary assessment would suggest that increasingly nationalism imposes significantly constraints on how much concession (perceived or real) can be tolerated. The growing difficulty in information control makes censuring public opinions a more daunting task. The increasing numbers of actors and lack of coordination can lead to less than optimal policy enforcement as much as they can cause diplomatic problems. And diverse views exist even in what is normally considered as the group holding the hardest lines—the Chinese military, but these are more on tactics or approaches rather than fundamental principles and stances on sovereignty.

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## Appendix

### Major Developments Related to the South China Sea

<table>
<thead>
<tr>
<th>Date</th>
<th>Parties Involved</th>
<th>What Happened?</th>
<th>Outcome/Solution</th>
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<tbody>
<tr>
<td>March 5, 2009</td>
<td>US and China</td>
<td><strong>Major Incident</strong>&lt;br&gt;- PLA-Navy and Y-12 aircraft ‘shouldered’ the &lt;br&gt;USS <em>Impeccable</em>.&lt;br&gt;- Shadowed and maneuvered by 5 Chinese ships.&lt;br&gt;- Chinese attempted to cause the <em>Impeccable</em> to collide.</td>
<td>- US and China both maintained rightfulness of their actions based on their different interpretations of the UN Convention on the Law of the Sea.&lt;br&gt;- US used the Freedom of Navigation program to challenge the territorial claims by China.</td>
</tr>
<tr>
<td>July, 2010</td>
<td>US, China and other East Asian regional countries</td>
<td><strong>Fishing incidents at sea/High-level meeting</strong>&lt;br&gt;Chinese vessel collided with Japanese.&lt;br&gt;Beijing withheld shipments from Japan.&lt;br&gt;US offered to facilitate talks between China and its neighbours.</td>
<td>China refused, knowing that the US had new and old allies in the region.</td>
</tr>
<tr>
<td>March 2, 2011</td>
<td>Philippines and China</td>
<td><strong>Incident at sea</strong>&lt;br&gt;Philippines oil exploration vessel was sandwiched between 2 Chinese naval boats, intimidating them to drive it away from the area.</td>
<td>- Manila dispatched 2 warplanes and a bomber to deter the intruding Chinese gunboats.&lt;br&gt;- Lodged a strong diplomatic protest with Beijing over harassment but it was shrugged off.</td>
</tr>
<tr>
<td>Date</td>
<td>Parties</td>
<td>Event</td>
<td>Details</td>
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| May, 2011    | Philippines and    | **Major Incidents**                                                   | - Two Chinese fighter jets had flown over the Philippines territory in the Spratly Islands  
- Control over this is an issue of sea-lane control, the ability to interdict sea-lanes, and the potential for deep-sea resource mining. |
|              | China              |                                                                      |                                                                                                                                                                                                       |
| May, 2011    | Vietnam and China  | Vietnam protested China’s annual imposition of a fishing ban from May to August. |                                                                                                                                                                                                       |
| May-June, 2011 | Philippines, Vietnam and China | **Incidents at Sea**                                                 | - 3 Chinese maritime security naval vessels disabled a cable trailing of a Vietnamese oil exploration ship.  
- Forced the ship out of waters off Vietnam’s south-eastern coast.  
- Similar incidents occurred in May near Vietnam, and in March near the Philippines.  
- Chinese said that the Vietnamese survey ship was operating illegally in their territory; therefore their actions were completely justified. |
| June, 2011   | Philippines and China | - Foreign Secretary Alberto del Rosario’s visited the US.  
- Philippines asked the US for leverage against China. |                                                                                                                                                                                                       |
| June, 2011   | Philippines and China | - 11-day US-Philippines naval exercise near the South China Sea  
- President Aquino pledged to bring the South China Sea dispute before the UN International Tribunal on the Law of the Sea. |                                                                                                                                                                                                       |
| June 3, 2011 | Vietnam and China  | **High-level Meeting**                                                | - International Institute for Strategic Studies (IISS) Asian Security Summit  
- Following the Vietnam-China  
Both parties agreed to abide by:  
- UNCLOS (1982)  
- Declaration on the Conduct of Parties in the East Sea (DOC)  
- Settling the matter through |
<table>
<thead>
<tr>
<th>Date</th>
<th>Parties</th>
<th>Incidents at Sea</th>
<th>Meetings/Resolutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 13, 2011</td>
<td>Vietnam and China</td>
<td>Incident in May, defence officials met in Singapore.</td>
<td>Incident in May, defence officials met in Singapore.</td>
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<tr>
<td>June 17, 2011</td>
<td>China</td>
<td><strong>Incidents at Sea</strong></td>
<td><strong>Major Military Exercise</strong></td>
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<tr>
<td>June, 2011</td>
<td>Philippines and China</td>
<td><strong>Incidents at Sea</strong></td>
<td><strong>Meetings/Resolutions</strong></td>
</tr>
<tr>
<td>July, 2011</td>
<td>US and China</td>
<td>Chinese surveillance ship and 2 marine vessels unloaded building materials and buoys, and put up posts on the reefs claimed by Manila.</td>
<td>The US Senate unanimously passed a resolution deploiring the use of force by China in the South China Sea, calling for peaceful and multilateral resolutions.</td>
</tr>
<tr>
<td>October, 2011</td>
<td>Philippines-China</td>
<td><strong>Incidents at Sea</strong></td>
<td><strong>Meetings/MMCA</strong></td>
</tr>
<tr>
<td>Date</td>
<td>Country(s)</td>
<td>Event Series</td>
<td>Description</td>
</tr>
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</tbody>
</table>
| November, 2011 | US and China   | High-level Meeting      | - East-Asia Summit  
- President Obama and Premier Wen Jiabao held an unscheduled meeting on the sidelines  
- Discussed the South China Sea.                                                                                                              | US and China    |
| November, 2011 | US and China   | High-level Meeting      | - Defense Consultative Talks (DCT)  
- China’s acceptance of US calls to put bilateral military relationship on a more reliable/continuous footing  
- US reiterated ensuring freedom of navigation.                                                                                               |                  |
| December, 2011 | US and China   | High-level Talks        | 4t high-level dialogue between the Communist Party of China and the Republican and Democratic parties of the US                                                                                         |                  |
| December, 2011 | US and China   | Implementation of the Megaport Initiative | to monitor for “nuclear and other radioactive materials in cargo containers” at Shanghai’s Yangshan Port.                                                                                                   |                  |
| March, 2012    | US             | Major Military Exercise | Military drills, with the Philippines, near South China Sea have been confirmed for next month.                                                                                                        |                  |
| March, 2012    | China          | Major Military Exercise | 11th detachment of Chinese navy’s anti-piracy operation carried out live fire training.                                                                                                               |                  |
| April-June 2012| China, the     | Territorial Dispute     | Over two-month standoff in the Scarborough Shoal  
Diplomatic efforts have not led to the resolution of the issue, with escalation of rhetoric but restrained naval/maritime enforcement maneuvers                                                                 | Philippines    |
| June 2012      | China, Vietnam | Territorial Dispute     | Over Vietnam’s passage of its maritime law  
Beijing reiterates its positions on “irrefutable sovereignty” over the Paracel and Spratly Islands                                                                                                        |                  |
| July 2012      | ASEAN          | ASEAN foreign ministers meeting in Phnom Penh, Cambodia | ASEAN meeting failed to issue communiqué due to disagreement on how to address the South China Sea territorial disputes                                                                                     |                  |