South China Sea Situations: Retrospect & Prospect

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ABOUT SCSPI

The South China Sea is located in the world’s most important shipping lane. Nearly 40% of the global trade of goods is shipped through the lane, which makes the waters crucial for global economic prosperity. The surrounding areas of the South China Sea boast the largest population density in the world. The stability and prosperity of the waters impact the fate and well-being of nearly two billion people. From 2009 to 2016, tensions over the waters escalated coupled with major incidents and crises breaking out all the time, which attracted extensive attention to the area.

Currently, all of the parties involved in the South China Sea disputes have now come to understand the significance of “shelving differences” and communication through dialogue. Under the “dual-track approach”, tensions over the waters are easing progressively. However, the root cause of the South China Sea disputes has not been entirely settled: claimants still hold different opinions about the sovereignty over islands and the delimitation of waters, and the contention over the exploitation of space and resources is becoming increasingly fierce; the competition between Chinese and US maritime strategies has come to the fore, and the South China Sea has become a major field of such contentions. Countries outside the region, such as Japan, Australia and the UK, are paying more attention to the waters with a stronger presence, which further complicates the situation. Now the future of the South China Sea holds more strategic relevance in today’s world, because it not only concerns the safety and prosperity of Southeast Asia and the future of China-US relations, but could influence the strategic bearing of the entire Asia-Pacific region as well.

To continue the push for a more desirable situation in the South China Sea, we should first gather all the trends and news about the waters from an objective perspective and accurately observe the area within the parameters of its military, political, economic and environmental contexts.
With a view to maintaining and promoting the peace, stability and prosperity of the South China Sea, Peking University Institute of Ocean Research has launched the South China Sea Strategic Situation Probing Initiative (SCSPI). The Initiative aims to integrate intellectual resources and open source information worldwide and keep track of important actions and major policy changes of key stakeholders and other parties involved. It will provide professional data services and analysis reports to parties concerned, helping them keep competition under control, and with a view to seek partnerships.

The SCSPI is mainly funded by social donation and non-profit investment, the majority of which will be sourced from Peking University Education Foundation at the outset. We would appreciate only non-politically affiliated donations. The SCSPI sincerely invites experts and scholars, research institutes and other organizations from across the world to join us. We would also appreciate individuals, companies, institutions and international organizations willingness to share data and information with us, in accordance with the relevant laws of corresponding countries and international law.
PREFACE

Hu Bo

Since 2018, the situations of the South China Sea, in general, have continued to ease. Disputes have been well under control, and no major crisis has broken out among the claimants. With the dual-track approach, relevant parties have accelerated consultations on the Code of Conduct (COC) in the South China Sea and proactively implemented maritime pragmatic cooperation and crisis management. This round of détente, which started in the second half of 2016, has its own logic. It is more of an inevitable trend despite some accidental factors. For instance, most countries have completed their work on building domestic systems consistent with the United Nations Convention on the Law of the Sea (UNCLOS), and the fact that policy rationality is a natural outcome after long-standing competition from 2009 to 2016.

However, the situations of the South China Sea are increasingly charged. The US regards the issue as a strategic competition, while the Chinese government insists on safeguarding its own rights and interests. Top US military officials have frequently made pro-war rhetoric on the South China Sea, holding that only wars can prevent China from controlling the South China Sea. There is a sharp contradiction between China and the US: the former aims to safeguard its sovereignty, maritime rights and interests, and reasonable power, while the latter hopes to maintain its maritime dominance in the Asia-Pacific region. Relevant evolution of this contradiction is changing the trend of the situations of the South China Sea. The two countries are confronted with increased pressure on properly managing disputes and avoiding unexpected incidents in the strategic, tactical and operational aspects of competition and frictions. In the Preventive Priorities Survey 2019 published by the Council on Foreign Relations, a US think tank, 30 ongoing and potential conflicts have been ranked, among which only one contingency of conflict between the US and China is considered a Tier I priority, that is an armed
confrontation in the South China Sea\(^1\). The analytic publication released by Stratfor Enterprises also forecasts an intensifying confrontation between the two countries in the South China Sea in 2019\(^2\).

With the deepening of COC negotiations, and the escalating strategic competition between the US and China, other outside powers like Japan, Australia and the UK have also increased their attention to and engagement in the affairs of the South China Sea. Factors affecting the situations of the South China Sea have become increasingly diversified and complex, and the status of the South China Sea in the global strategic pattern has risen as never before. The trend of the situations of the South China Sea is relevant not only to China’s sovereignty, maritime rights and interests, and sea power development, but also to the peace and stability of Southeast Asia, China-US relations, and even the security situation of the Asia-Pacific region as a whole.

In this regard, we “South China Sea Strategic Situation Probing Initiative” (SCSPI) reviews and envisages the developments and policies in the South China Sea enabled by China, the US, ASEAN countries and other extra-regional powers that are major forces affecting the situations of the South China Sea since 2018, and evaluates and forecasts the process of COC consultations.


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PART I: China’s Continuous Restraint Policy

Hu Bo

The Chinese government continues to exercise some restraint on the South China Sea issue. It has made no radical moves other than tracking, expelling and protesting against increasing US military operations in the South China Sea. With regard to the construction on islands and reefs in the South China Sea, military deployment on these islands and reefs has not been proceeded as fast as expected after the completion of relevant infrastructure, and China has only deployed necessary and limited homeland defense facilities even in the context of the US intensifying military operations in the 12 nautical miles of the islands and reefs. In this regard, China is in fact well positioned to do more.

Another obvious sign is that the focus of China’s construction on islands and reefs has shifted to the improvement of people’s livelihood and supply of international public goods. In July 2018 Nanhai Rescue Bureau of the Ministry of Transport dispatched the rescue ship “Nanhai Jiu 115” to station on Zhubi Reef of the Nansha Islands for the execution of on-call duties. In this period, the Philippine Navy warship Gregorio del Pilar ran aground near Half Moon Shoal, after which the Chinese government voluntarily proposed to offer aid and rescue. At the end of October, China began operating a maritime observation center, a meteorological observatory, and an environmental and air quality monitoring station on the Nansha Islands, providing such services as maritime forecast, weather forecast, and real-time monitoring and warning of disastrous weather.

Instead of taking cues from others regarding such issues as Sino-US strategic competition and South China Sea conflicts preached by the US, China has exercised restraint in general with spokespersons of the Ministry of Foreign Affairs responding in a targeted manner. The problem
of China’s restraint policy lies in that even if China has no strategic intention to challenge the US, its right-defending actions and power development in the South China Sea will be seen by the US as a threat to the latter’s maritime dominance in the Asia-Pacific region. The Chinese government can control its own initiatives and actions in the South China Sea; however, as long as China maintains its current momentum for rise, its forces and capabilities will keep growing, which will be seen by the US and other countries as an intention to challenge the status of the US and even to secure control over the entire South China Sea.

With regard to South China Sea disputes, the Chinese government has adopted an increasingly prudent and positive policy.

China’s move to accelerate the implementation of the COC has drawn worldwide attention and aroused some suspicion of some countries. However, China regards it a top policy priority to accelerate COC talks, and the purpose of these talks have been elevated to the height of building a regional order in the waters. In recent years, the Chinese government has shown great sincerity to the outside world and expressed its willingness and resolve to promote consultations. On October 29, 2018, Wang Yi, State Councilor and Minister of Foreign Affairs of China, met with Teodoro Lopez Locsin Jr., Secretary of Foreign Affairs of the Philippines, and stated that the Chinese side stands ready to work with all ASEAN countries to push the process of the negotiation on the COC, hoping that the negotiation would be completed during the tenure of the Philippines as the coordinating country and establish the regional rules that are committed to ensuring peace and stability in the South China Sea at an early date. At the Singapore Lecture held on November 13, 2018, Li Keqiang, Premier of the State Council of the People’s Republic of China (PRC), said that China will, based on consensus, strive to conclude the COC consultations in three years to boost regional peace and development.¹

China conscientiously advances maritime pragmatic cooperation. China
and the Philippines have reached a new high in several aspects, including properly handling maritime differences, pragmatically promoting cooperation in low-sensitive areas, and discussing cooperation on the exploitation of oil and gas resources in the South China Sea. During President Xi Jinping’s visit to the Philippines, the two sides signed a memorandum of understanding on maritime oil gas cooperation. The China-Philippine Bilateral Consultative Mechanism on the South China Sea has been functioning steadily, and incidents like Philippine Navy warship’s running aground near Half Moon Shoal have been properly handled. China and Vietnam have worked closely to tackle maritime issues: Sino-Viet Working Group on the Waters outside the Mouth of the Beibu Gulf, Working Group for Consultation on Maritime Joint Development, and Working Group of Experts on Maritime Cooperation in Low-Sensitive Areas have held formal consultations successively and secured positive progresses.

PART Ⅱ: Increasingly Militarized US Policy on the South China Sea

Hu Bo

Since the Trump administration took office, the South China Sea issue has never been on the core agenda for its light weight in US foreign policy, and is thus incomparable to economic and trade issues or the North Korea nuclear issue. To some extent, the US South China Sea policy has been relegated to an agenda of the Department of Defense (DoD) and military. Critics hold that the Trump administration, as the Obama administration, has no systematic South China Sea policy, and pays significantly little attention and lacks responses to this issue. Critics hold that the Trump administration, as the Obama administration, has no systematic South China Sea policy, and pays significantly little attention and lacks responses to this issue.1 Some observers argue that other issues have overshadowed the South China Sea issue, where China sails ahead in the South China Sea while the Trump administration focuses on such issues as North Korea’s nuclear program and economy and trade.2

However, under the backdrop of the so-called great power competition, the US DoD and military have been continuously increasing all kinds of operations in the South China Sea, and US South China Sea policy have become increasingly militarized. In 2018, the US military significantly increased the frequency and intensity of its freedom of navigation operations (FONOPs), which is about once every eight weeks on average. Within the 12 nautical miles where the Chinese side stations on islands and reefs of the Nansha Islands, the US military often conducted high-speed maneuvers, exercise training and other provocative activities. Besides, the US military also strengthened its provocations against the Xisha Islands. On May 27, two US warships—USS Antietam and USS Higgins arbitrarily entered China’s territorial waters around the Xisha Islands without permission of the Chinese government and conducted large-scale maneuvering operations near Tree, Lincoln, Triton and Woody
It should be noted that the US military does not call each of its entry into the 12-nautical-mile islands and reefs of China a FONOP; instead, some may just be normal military patrol, which is far more provocative. It is worth noting that though the frequency and intensity of FONOPs under the Trump administration have been significantly increased compared with those under the Obama administration, the strategic significance such operations bear has been markedly decreased. The White House and National Security Council will no doubt support the US military to continue stepping up operations, but after the approval of the annual plan for the South China Sea, little attention has been paid to the operations, authorities have been delegated, and the United States Indo-Pacific Command (USINDOPACOM) headquarters have had more freedom to conduct operations, which in turn add to the risks and hazards.

There is a continuing debate in the US on the effectiveness and legal implications of FONOPs. It is generally believed that FONOPs bear legal significance, but they are not adequate to prevent China’s operations in the South China Sea; if the status and effects of such operations are magnified, other actions and efforts made by the US military will be overlooked. According to one opinion, “As the United States has not recognized Chinese title to the features, it is not obligated to observe requirements of a theoretical territorial sea.” “[That] consistent practice of free navigation, not the reactive FONOP, is the policy best suited to respond to Chinese assertiveness in the SCS. This is especially true in areas such as the Spratly Islands where China has made no actual legal claims to challenge.” In this context, actions more provocative than FONOPs will continue to emerge; in the future, the US military is likely to conduct regular patrol around islands and reefs stationed by Chinese personnel.

FONOPs are indeed not a major part of US military operations in the South China sea. In addition to FONOPs, the US military has also significantly intensified its strategic deterrence and forward presence. In the year 2018, the US Navy sent four carrier strike groups, four
amphibious ready groups, several nuclear attack submarines, and 30 sorties of B-52H bombers to conduct strategic deterrence activities in the South China Sea and surrounding areas. The F-22 and F-35 fighters, represented by the fifth-generation jet fighters, have also been deployed around the South China Sea.

As for diplomacy and public opinion, the US has intensified responses to China’s construction work on islands and reefs in the South China Sea and development of military forces, with markedly raised voices and even repeated hints or calls for wars from high-ranking officials. In February 2018, Harry Binkley Harris, Jr., the then Commander of USINDOPACOM, testified in the Congress that “Beijing’s ‘intent is crystal clear’ to dominate the South China Sea and America must prepare for the possibility of war with China.”7 On April 26, Philip Davidson, Harris’s successor, stated at the review hearing of the Senate Armed Services Committee that “China is now capable of controlling the South China Sea in all scenarios short of war with the United States.”8 On February 6, 2019, John M. Richardson, Chief of Naval Operations, noted in a speech at Atlantic Council that the US may need to look for ways to impose consequences if the rules specified in the Code of Unplanned Encounters at Sea are not followed by China.9 In an atmosphere of war preparation and show of toughness, the US military will continue intensifying military operations in the South China Sea, constantly exploring the gray zones between peace and conflicts, and probing into China’s bottom lines, which will inevitably push the threshold of small-scale armed conflicts and wars. Although the US DoD and Joint Chiefs of Staff still intend to maintain the strategic posture of “no conflict and no confrontation,” this position has undoubtedly waivered, and which is an innate contradiction to the policy of intensifying the confrontation. In the future, the US may find it increasingly difficult to balance the two sides.

Meanwhile, the Congress has been acting in a more notable manner. Since 2014, the United States Congress has been playing an increasingly
important role in the South China Sea issue with more and more direct impact and engagement, shifting from expressing concerns or urging to proposing requirements for and influencing executive departments through legislative approaches and fund appropriation. In 2018, the Congress took substantial actions against the South China Sea issue. The SEC. 1262 of National Defense Authorization Act for Fiscal Year 2019 requires that DoD shall provide regular briefing on any significant activity conducted by the PRC in the South China Sea, including reclamation, assertion of an excessive territorial claim, or militarization activities such as significant military deployment or operation or infrastructure construction. SEC. 1259 stipulates that DoD shall not enable or facilitate the participation of the PRC in any Rim of the Pacific (RIMPAC) naval exercise unless “China has ceased all land reclamation activities in the South China Sea; removed all weapons from its land reclamation sites; and established a consistent four-year track record of taking actions toward stabilizing the region.” The Asia Reassurance Initiative Act of 2018 formulated by the United States Senate Committee on Foreign Relations was passed by the United States Senate and House of Representatives respectively in December 2018, and immediately signed into law by President Donald Trump. The Initiative specifies that in the future, the US shall strengthen joint maritime military training and FON plans with allies and partners in the Indo-Pacific region including the South China Sea and East China Sea.

For China, excessive emphasis on FONOPs will easily mislead the public and public opinion to assume that FONOPs are the United States’ only effective way to challenge China’s claims and status in the South China Sea, thus ignoring the different policy orientations underpinning those different military operations of the US military. In fact, US FONOPs in the South China Sea are only a very small portion of the US military’s complex operations in this area, where the US military has conducted thousands of close reconnaissance and hundreds of military exercises, with a steady US presence in the region for more than 700 ship days every year. A total of 70% of military strength of the Pacific Fleet has
been engaged in various kinds of exercises in the South China Sea, and this proportion will grow bigger in the future.\textsuperscript{13} More than 60\% of resources of US forward forces in the Western Pacific have be spent on all kinds of operations in the South China Sea, and such intensity is still gathering momentum. Naturally, not all these operations are directed against China, but most of them concern China, especially recent incremental operations and some new actions in recent years, which are basically tailored for China.

The US has further cajoled and put more pressure on its allies and the countries surrounding the South China Sea, with its purpose and tactic more blatant through publicly urging the cooperation of its allies to strengthen its forces and operations in this region. James N. Mattis, the then US Secretary of Defense, more than once called on the US allies to combat Chinese efforts to change the regional rules and international order.\textsuperscript{14} On December 28, 2018, Randall Schriver, the US Assistant Secretary of Defense for Asian and Pacific Security Affairs, said in an interview with \textit{The Australian} that to counter China’s actions, US allies, including Australia, the UK, and France, should step up their activities in the South China Sea, such as joint patrols and presence operations if not FONOPs as the US did.\textsuperscript{15} Apart from consolidating the Southeast Asia Maritime Security Initiative (MSI), the US has also reinforced its military and intelligence cooperation with Vietnam, Indonesia and other countries, and helped these countries improve their capability in coping with maritime security issues. On March 5, 2018, the Carl Vinson Carrier Strike Group of the US Navy arrived in Da Nang, Vietnam, the first time for a US aircraft carrier to dock in the country since the Vietnam War, which marks a progress in the US-Vietnam military cooperation; it was also a historic moment when the then US Secretary of Defense James Mattis visited Vietnam twice in 2018. The US continued to expand its forces and influence in the region through several military exercises and cooperation in various forms with the countries surrounding the South China Sea in 2018, such as nearly a hundred of military maneuvers in the South China Sea with such regional countries as the Philippines, Thailand,
Indonesia, Malaysia and Singapore, as well as non-littoral states including Japan and the UK. Some of these maneuvers were remarkably targeted at China, including the Anti-Submarine Warfare and some seizing island drills.

Regarding the South China Sea issue, a strategic change of the US is its increasing emphasis on the issues binding—“It stopped talking about the South China Sea for its sake” — but bundled up the South China Sea issue with others. On May 23, 2018, the US DoD revoked its invitation to the Chinese People’s Liberation Army to attend RIMPAC 2018 under the pretext that China had deployed missile systems and electronically jamming devices in Nansha Islands. In the Second US-China Diplomatic and Security Dialogue held on November 9, the US explicitly requested that China withdraw its missile systems deployed on the islands and reefs in the South China Sea. As China expands its control over the South China Sea and the US is showing more anxiety, it will only bundle up issues more frequently and on a wider scope.

2 Zachary Keck, “China Is Gaining Control of the South China Sea (Thanks to North Korea),” The National Interest, December 21, 2017; Dan De Luce, “With Trump Focused on North Korea, Beijing Sails Ahead in South China Sea,” Foreign Policy, November 16, 2017; Paul J. Leaf, “Taiwan and the South China Sea Must Be Taken Off the Back Burner,” The National Interest, June 18, 2018.
4 US officials sometimes do not directly acknowledge whether their moves within the 12 nautical miles are FONOPs or not; instead, they just emphasize in a general manner that “US military forces, ships and aircraft, will exercise their [navigational] right under international law wherever the US thinks they are entitled to go.” The data in the annual Freedom of Navigation Report released by the DoD also differs from that of media statistics.
5 Ronald O’Rourke, *China’s Actions in South and East China Seas: Implications for U.S. Interests—Background and Issues for Congress*, August 1, 2018, p.4.


PART Ⅲ: ASEAN Member States: Cooperation and Hedging

Liu Lin

In 2018, the ASEAN and its member states remain stable factors regarding the South China Sea issue in general. The Philippines continued the policy to shelve the dispute and signed the Philippines-China Memorandum of Understanding on Cooperation in Oil and Gas Development; no major changes were perceived in the South China Sea policies of other claimants, including Vietnam, Malaysia, Brunei, etc. In spite of this, the territorial and maritime delimitation disputes between China and other claimant countries, including the Philippines, Vietnam and Malaysia, have not been eliminated and cannot be settled in the short run. Different views were held domestically on the solution to the South China Sea disputes with China. The nationalist sentiments of the public were also an issue that must be considered at the top level. External powers, unwilling to accept the détente between China and ASEAN countries, stepped up their efforts in cajoling and supporting countries like the Philippines and Vietnam to take the lead in making troubles, thus paving the way for their intervention. Against such backdrop, the South China Sea policies of ASEAN countries are still subject to various limitations and factors, and can be highly variable.

The Philippines continued its cooperative policy on the South China Sea issue but was restricted by many factors. In general, the Philippines maintained favorable cooperation with China concerning the South China Sea issue, yet there is obvious divergence between president Duterte and the opposition party and the military with respect to the issue.

In 2018, the Philippines actively advanced its maritime cooperation with China, and continued to discuss the cooperation through Bilateral Consultation Mechanism on the South China Sea (BCM) under which the
second and third meetings were held in February in Manila and October in Beijing respectively. In the second meeting, both sides reached consensus on initiating technical working groups in fisheries, oil and gas, marine scientific research and marine environmental protection, and political security under the BCM framework. In the third meeting, both sides exchanged their views on paths to enhance maritime cooperation in areas such as recent developments in the South China Sea carrying political and security implications, maritime search and rescue, maritime safety, marine environmental protection/marine scientific research, and fisheries in relevant Working Group meetings under the framework of the BCM.

The second meeting of the Joint Coast Guard Committee on Maritime Cooperation (JCGC) launched by China and the Philippines was held in October 2018 in Guangzhou. Both sides expressed their willingness to deepen cooperation by conducting port visits, joint maneuvers, personnel exchange and training, and hotline mechanism. The hotline has been established between the coast guards of two nations, and a maritime and air liaison mechanism is being discussed to effectively avoid misunderstanding and misperception and prevent accidents at sea and air.

Significant progress has been made in China-Philippines cooperation in South China Sea oil and gas exploration and development. In November 2018, the two countries signed the Philippines-China Memorandum of Understanding on Cooperation in Oil and Gas Development during President Xi’s visit to the Philippines. According to what was released by the Philippines on November 26th, the MOU set out the basic principles and working mechanism of oil and gas development. Both sides decided to step up negotiation on the relevant arrangements in accordance with international law, in order to facilitate oil and gas exploration and development. The two governments decided to establish an Inter-Governmental Joint Steering Committee and Inter-Entrepreneurial Working Group. The Inter-Governmental Joint Steering Committee would be co-chaired by the Foreign Ministers, and joined by the Energy
Ministers, and would be responsible for negotiating and reaching consensus on the cooperation arrangements and the maritime area to which they will apply. Meanwhile, the Philippines would authorize relevant enterprise(s) and China would authorize China National Offshore Oil Corporation for negotiation and consultation. The two governments would endeavor to agree on the cooperation arrangements within twelve months.

The Philippines’ South China Sea policies and Sino-Philippine relations, however, are still fettered by many factors. First of all, there is great controversy over the South China Sea issue within the Philippines. Due to the chronic US influence, many politicians and military forces advocate maintaining and strengthening the US-Philippine alliance, seeking support from the US and taking on a hard line on the South China Sea issue. They are thus discontent with Duterte’s way of dealing with the issue, and accuse Duterte of being weak and compromising the Philippines’ interests.

Secondly, Duterte himself has, from time to time, declared that he would defend the Philippines interests in the South China Sea, with due consideration of balancing different political forces and winning the support from the military. In August 2018, Duterte made a tough talk after China warned the Philippines for its air patrol above the South China Sea, saying that China has no right to expel foreign aircrafts flying above the man-made islands in the South China Sea and should “temper” its behavior. The Philippine midterm elections will be conducted in 2019, and the Draft Constitution for a Federal Republic of the Philippines passed in July 2018 is also likely to be submitted to a national referendum. The Constitution amendment includes sensitive issues, such as a shift to a federal system of government and more local autonomy, which is why the draft is still fairly controversial in the Philippines. Duterte’s South China Sea policies might be confronted with more restrictions facing so many uncertainties concerning the domestic politics of the Philippines.
Thirdly, the nationalist sentiments are still on the rise in the Philippines. According to the polls in August 2018, nearly 90% of the Philippine adults believed that the Philippine government should take actions against China’s “militarization” and retake control of Chinese-occupied islands in the South China Sea.\(^4\)

Fourthly, the Philippines continues the construction on the claimed islands and reefs and land reclamation project, which means that the China-Philippines conflicts over the sovereignty for the islands and reefs and maritime boundaries could escalate from time to time. Currently, Delfin Lorenzana, Secretary of National Defense of the Philippines, said that it has started constructing a runway and upgrading other facilities on Thitu Island and urged “other countries to respect Philippines’ sovereignty”.\(^5\)

Fifthly, China and the Philippines also have disputes over sovereignty and jurisdiction concerning joint development in the South China Sea. Due to the skeptic views of the pro-US power, unsettled details as well as the restrictions stipulated in the Philippine Constitution about joint development and the distribution ratio, it is yet unclear whether the MOU can lead to the joint exploration or joint development.

Sixthly, the US is likely to exert pressure on the Philippines. The US is actively advancing its Indo-Pacific Strategy, with South China Sea being its major concern. Therefore, the US is particularly courting the claimants like the Philippines and Vietnam. At the same time, the Philippines will serve as the coordinator of China-ASEAN relations in the next three years, and thus possessing significant impact on the negotiations between China and ASEAN over the South China Sea issue. The US might exert direct or indirect pressure on the Philippines on the issues like joint development or the COC negotiation.

**Vietnam grew to be the biggest uncertainty among all the claimants.**
Vietnam basically maintained its previous policies on the South China Sea: on the one hand, it kept the stability of the South China Sea through mutual high-level visits and current cooperative mechanisms with China, and the leadership of both sides especially stated that the two countries should strictly adhere to the consensus made by the two parties and governments and the Agreement on the Basic Principles Guiding the resolution of Maritime Issues, and manage and control the disputes without any activity that might complicate the situation, so as to maintain the peace and stability of the South China Sea. On the other hand, Vietnam was strengthening its maritime strategic layout through all kinds of measures, insisted that COC should be binding, and continued to internationalize the disputes over the South China Sea by reinforcing defense exchanges with the US, Japan, France, etc.

To begin with, the new Vietnam maritime strategy was adopted. In October 2018, at the 8th meeting of the 12th Central Committee of the Communist Party of Vietnam, the Resolution 36/NQ-TW on “Strategy for the sustainable development of Vietnam's marine economy until 2030, with a vision until 2045” was issued. The Resolution emphasized that Vietnam should enhance its ties with other countries, especially major maritime powers, on the basis of mutual respect for the independence, sovereignty, equality and mutual benefits. And Vietnam should stay firm on its position in the disputes to maintain its sovereignty over the islands and protect its legal rights, and also actively seek for peaceful settlement of the conflicts in accordance with the international law, in order to preserve the environment of peace, stability and cooperation that are conducive to development.6

Secondly, it continued to advance the construction on the claimed islands and reefs and land reclamation project. In recent years, Vietnam has been continuously conducting land reclamation project and infrastructure upgrade in some of Nansha Islands. It was reported at the end of 2017 that there were new facilities on the West Reef, including dry docks.7 It was also revealed by Asia Maritime Transparency Initiative (AMTI), that
since 2014, Vietnam has completed 120 acres (or approximately 486,000 km²) of land reclamation, expanded the runways and built additional radars to facilitate its patrols on ten islands and reefs of the South China Sea. So far Vietnam has completed land reclamation on 27 South China Sea islands or reefs, outnumbering any other claimants. In fact, these actions are an continuation of Vietnam’s long-term policies in the South China Sea. For a long time, Vietnam has been investing a large number of resources in the construction on the occupied islands or reefs, aiming to fortify its occupation and administration. Furthermore, Vietnam attempted to grab the opportunity to create a favorable environment for strengthening its island defense before the COC negotiations come to an end.

Thirdly, Vietnam has strengthened maritime and defense cooperation with the US, Japan, Australia, France, etc. To keep the disputes over the South China Sea as an international issue and to tug the attention of extraregional countries, who has always opposed the construction on the islands and reefs and wanted to keep a balance in the region, Vietnam has invited the intervention of major powers in the South China Sea issue through defense and security cooperation with these countries. In addition, it was reported that in COC negotiations, Vietnam proposed more prohibitive provisions than any other country, some of which directly touched upon the disputes over territory and jurisdiction and are even clearly targeted on China.

Malaysia generally continued existing policies on the South China Sea issue. Malaysia saw a political transition in May 2018, when the 92-year-old former Prime Minister Tun Mahathir bin Mohamad, who led the “Alliance of Hope” (“Pakatan Harapan” in Malaysian) to defeat United Malays National Organization (UMNO), retook his position as the Prime Minister. Despite his efforts in pushing for the Sino-Malaysia friendship during his last premiership, after he took office, Mahathir announced that a series of agreements reached by China and his predecessor would be reexamined, provoking concerns about
Sino-Malaysia relations for the observers. It is also a major concern regarding how he would deal with the South China Sea issue. At present, although his views on China have changed and he has demonstrated more caution and concern about the possible impact of China’s rise, Mahathir still takes stabilizing Sino-Malaysia relations as a significant consideration on the whole. Malaysia’s basic policies on the South China Sea issue remained largely unchanged. During Mahathir’s visit to China in August 2018, the two countries issued a joint declaration, which stressed the importance of maintaining the peace, security and stability of the South China Sea, and that all the directly concerned claimants should resolve the disputes peacefully through friendly consultations and negotiations in accordance with the international law including the United Nations Convention on the Law of the Sea (1982). Both sides agreed that all parties should exercise self-restraint, and to avoid actions that would complicate or escalate tensions in the South China Sea. Both sides, together with the ASEAN Member States, will work for the full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) and encourage maritime cooperation, as well as actively push forward consultations on a Code of Conduct (COC) to see early conclusion of an effective COC.10

However, Mahathir has also given his views on the South China Sea disputes on several occasions. In June 2018, he said during an interview that Malaysia’s presence in the South China Sea would be maintained and that the country would retain its sovereign claim over islands or reefs in the South China Sea. He also observed at a weekly cabinet meeting that he “would prefer that if there were no warships in the South China Sea and the Strait of Malacca”. Later that year, in October, he reiterated the position by saying, “What Malaysia insists is that all the battleships and warships are expelled from the South China Sea as tensions in the region will escalate into armed conflict or even wars if vessels are stationed in the area”11. It can be inferred from his statement that: first, Malaysia will not back down on its sovereign claim, but will continue to consolidate its control over the islands and reefs it has occupied in the South China Sea;
second, it hopes the South China Sea will be free of any warship, which could be interpreted as his unwillingness to see the warships of the US or of any other country outside the region in the SCS. It also implies the country’s caution against China’s military operations in the SCS. As a matter of fact, Mahathir’s statement is in line with Malaysia’s policy trends in recent years. The country continues to keep a relatively low profile, yet it has become more outspoken about its discontent with China’s increasing maritime law enforcement in the southern part of South China Sea. Malaysia also did some little moves in the North and South Luconia Shoals, while apparently strengthening defense cooperation with the US and Japan. When Mahathir paid a visit to Japan in June 2018, the two countries agreed to keep the Strait of Malacca and the South China Sea free for navigation for all countries.  

The maritime force build-up of ASEAN claimants should be watched closely. Vietnam upholds the military strategy of “active defense” and the strategic guideline of “shrinking land defense and expanding the frontline to the sea” for a long period of time. Nonetheless, it has been adding new contents to this strategy in recent years. In the new national defense strategy released in 2018, Vietnam proposed the “gradual modernization” of its national defense. It assumes that with the great development after the Fourth Industrial Revolution and the use of high-tech weapons by the rivals at war render “gradual modernization” not only necessary but also imperative. Besides, the document emphasizes the combination of internal and external forces. As Vietnam is increasingly integrated into the international community, it has become ever more important to promote widespread bilateral and multilateral international cooperation with defense partners and to gain support from external powers.  

With regard to military strategy, as submarines became part of its maritime capabilities, Vietnam has begun to probe into the approaches to achieving Sea-Denial or counter-intervention strategies through submarines and undersea warfare. It was noted by Vietnam that sea-denial focuses on denying the use of the sea by opponents or “merchant traffic engaged in war-sustaining trade” when Vietnam’s forces are unable to establish sea
and air control. It is a defensive and passive strategy adopted by weaker and smaller forces in face of stronger foes. For the smooth execution of the strategy, each branch of the Vietnam People’s Navy (VPN) must be able to cooperate with the others. For instance, to conduct an anti-submarine mission, surface warships and naval aviation need to coordinate and act jointly with the submarines. More investment is required to improve command and control, intelligence, surveillance and reconnaissance capabilities.

The Philippines embarked on the second phase of the *Armed Forces of the Philippines (AFP) Modernization Act* (2018-2022) in 2018. The first horizon (2013-2017), involved purchases of military hardware mainly for internal security challenges. The second horizon will shift the arms acquisitions away from internal security to territorial defense. This will require an allocation of 300 billion pesos (about $5.6 billion) within five years. Arms acquisitions include the following items: towed and self-propelled howitzers, multiple launch rocket systems, ground mobility vehicles and light tanks for its army. The navy will procure two guided-missile frigates (which were bought from South Korea and will be delivered before 2020), amphibious assault vehicles, anti-submarine helicopters, multi-role vessels, and submarines. The air force will purchase two squadrons of multi-role fighters and 12 more FA-50 lead-in fighter planes from South Korea.

Malaysia’s RMN Fleet Transformation Program—known as the “15-to-5 Transformation Program”—announced in November 2018 is an important development guideline of Royal Malaysian Navy (RMN) in the next 30 years. It seeks to deliver a reliable force structure that will help the navy meet the broad range of diverse maritime challenges to safeguard the sovereignty and maritime interests of the country before 2030. The Program aims for reducing its fleets of 15 classes of vessels to five. By 2050, the five new classes in the modernized RMN fleet will include 12 littoral combat ships (LCS); four submarines (SSK); three multi-role support ships (MRSS); 18 littoral mission ships (LMS); and 18 new
Indonesia continues to build up its military deployment on Natuna Islands. In December 2018, Commander of the Indonesian National Armed Forces Marshall Hadi Tjahjanto inaugurated a new base in Natuna Islands. He noted in a statement that the outpost was meant to deter any potential security threats, particularly border threats. The base will host an Army battalion, and a Marine company, an engineering company and an artillery company as well as a hangar of an unmanned aerial vehicle (UAV) squadron and surface-to-air missile systems, among other military installations.

The ASEAN and ASEAN non-claimants’ positions on the South China Sea issue are positive and prudent in general. Singapore held the rotating chairmanship of ASEAN in 2018 and handed it over to Thailand in 2019, both of which are ASEAN non-claimants of the South China Sea disputes, but exert significant influence on negotiations of COC and relevant cooperation. In 2018, Singapore assumed the rotating chairmanship of ASEAN, while also serving as coordinator of China-ASEAN relations before August of the same year. During this period, Singapore played an important role in securing remarkable progress in intricate China-ASEAN disputes over the South China Sea. At the same time, Singapore called on all the parties to stay calm and continue to push for COC negotiations and peacefully resolve the disputes. The country also actively promoted China and the ASEAN to implement emergency control measures under the framework of DOC. Notably, it pushed for the adoption of the Guidelines for Hotline Communications among Senior Officials of the Ministries of Foreign Affairs of ASEAN Member States and China in Response to Maritime Emergencies in the Implementation of the Declaration on the Conduct of Parties in the South China Sea and Joint Statement on the Application of the Code for Unplanned Encounters at Sea in The South China Sea in 2016. In April 2018, ASEAN announced in a briefing that the Ministry of Foreign Affairs of ASEAN member states and China have conducted a
successful hotline test, allowing for rapid communications and response of countries and avoiding misjudgment on maritime emergencies in the South China Sea. Moreover, the first China-ASEAN joint maritime military exercise was held under the coordination of Singapore, prioritizing the application of The Code for Unplanned Encounters at Sea (CUES) as well as joint maritime search and rescue operations. This drill has boosted China-ASEAN mutual trust and deepened cooperation on defense and maritime security.

Thailand assumes the ASEAN chairmanship in 2019. Wang Yi, State Councilor and Minister of Foreign Affairs, met with Don Pramudwinai, Foreign Minister of Thailand on February 16. During the strategic consultation, they exchanged in-depth views about the South China Sea issue and talked positively about the stabilizing situation in the SCS. Both sides noted that the momentum has been strengthened in boosting dialogue, managing disputes and deepening cooperation, and stressed that the countries concerned should continue their efforts to resolve their disputes peacefully through friendly consultations and negotiations. The Thailand’s foreign minister Don expressed high appreciation for China’s proposal to complete talks on the COC within three years. He went on saying that Thailand is willing to join hands with other ASEAN countries to expedite the consultations to work out regional rules that are consistent with the reality of the region and observed by all parties concerned, so as to benefit the region and the international community.


15 The acquisition of submarines was originally planned for the third horizon (2023-2028). But the current navy chief, Vice Admiral Robert Empedrad, lobbied for the immediate inclusion of diesel-electric submarines in horizon two. The navy will buy more than one submarine. It has formed a Submarine Group that is now sending personnel abroad for training in undersea operations.


PART IV: Other Extraregional Powers Reinforce Intervention in the South China Sea Affairs

Tang Pei

The South China Sea has been gaining more prominence in terms of the geo-strategic position as the strategic competition between China and the United States intensifies. Based on their own strategic interests and in respond to the U.S. strategic adjustment as well, extra regional powers such as Japan, Australia, Britain, France and so on, are inclined to adopt the policy of intervention towards the South China Sea affairs. Consequently, they strive to take entries into the region more strongly, promote regional cooperation by various means, and continue to strengthen regional presence in a way to make response to the U.S., facilitate alliance coordination and further seize opportunities to gain advantages.

Strategic concerns over the South China Sea enhanced with relatively stronger aspiration to intervene. Under the background that the U.S. is pushing forward the implementation of its Indo-Pacific Strategy, those extra regional powers as Japan, New Zealand, Canada and so on, have reinforced their identification as stakeholders in the South China Sea, further raised national strategic concerns and carried out relevant national policies. With the strategic guideline of a “new oceanic state”, Japan has made elaborate plans for the strategy of stretching southwards and been determined to put them into practice. With the formal approval of the Third Basic Plan on Ocean Policy on May 15, 2018, Japan has proposed for the first time the concept of Comprehensive Maritime Security, and adjusted its maritime policy with its focus on both securing the safety and security on the oceans and maintaining maritime rights and interests. According to the Plan, Japan claims to:

● Promote cooperation that contributes to capacity-building of the ASEAN states as a whole;
Strive to further strengthen Japan-U.S. coordination in broad areas of maritime security aspects and to strengthen coordination with friendly powers;

Coordinate with the related countries involved by using international frameworks such as the G7, the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), and the ASEAN Defense Ministers’ Meeting (ADMM) Plus to strengthen diplomatic initiatives aimed at the rule of law;

Ensure the safety of navigation in the Straits of Malacca and Singapore by means of upgrading the electronic nautical charts and conducting the joint hydrographic survey in cooperation with the littoral states funded by the Japan-ASEAN Integration Fund (JAIF);

Train and support Vessel Traffic Service (VTS) operators at the ASEAN Regional Training Center, strengthen cooperation with the nations participating in the East Asia Summit meetings to guarantee the freedom and safety of navigation.  

The action directions mentioned above show the basic considerations of Japan’s South China Sea policy in a great extent as follows:

- secure national interests in Japan’s territorial waters and beyond
- secure stable use of Japan’s important SLOC
- strengthen international maritime order
- promote international cooperation on the ocean

There are good reasons to expect that Japan will upgrade the overall scale of exports of equipment and technology to ASEAN countries, forge ahead the establishment of strategic dialogue and other cooperation mechanisms with them in a gradual and practical way, and based on the U.S.-Japan+, move further to promote maritime security cooperation with Philippines, Vietnam, India and other countries. In November 2018, the Japanese government renamed its Indo-Pacific Strategy as Indo-Pacific Vision in an attempt to blur its strategic ambition and win the support of the ASEAN countries. Besides, an agreement has been reached between
Japan and the U.S. on the infrastructure construction cooperation in the Indo-Pacific region.

In July 2018, the New Zealand government issued Strategic Defense Policy Statement 2018\(^4\), in which the China Threat was played up and concerns were expressed clearly over China’s acts in the South China Sea. In the Statement, it attributes the emergence of “contested rules and places” to China’s “pursuit of spheres of influence”, and takes this as one of the main reasons leading to the “the international order under pressure”. It is stated that “as China has integrated into the international order, it has not consistently adopted the governance and values championed by the order’s traditional leaders”\(^5\). These statements follow the same track with the U.S.’s deeming of China as a revisionist in the international community. In addition, the Canadian Senate voted to adopt a motion on the South China Sea issue on April 24, 2018, criticizing China’s “escalating and hostile behavior” in the South China Sea.\(^6\) Thus, moves have been taken by some relevant extra regional countries to adjust their policies and standings towards the South China Sea issue, which also provides indications for their inclination to get more involved into the regional affairs.

**Regional ties consolidated, grabs of intervention in the South China Sea strengthened.** Japan, Australia, and other extra regional powers make efforts to strengthen regional ties and promote regional cooperation while priorities have been given to efficient control of hand grabs and sustained multi-means connections with the region with the aim to enhance their regional influence and competitiveness in a positive way. In the field of politics, Japan, Australia and other countries recognize the centrality of ASEAN and its role played in regional affairs, focus on the Code of Conduct (COC), and seek for opportunities to interfere with the COC consultation process, which mainly includes:

- advocating that China’s strategic postpone of the COC timetable makes it impossible to achieve, openly questioning and provoking
China’s sincerity to promote the COC consultations, and creating disharmony between China and ASEAN;

- making positive responses to regional countries such as Vietnam that intend to draw support from the extra regional powers, gain more leverage in the COC consultation and get more diplomatic chips on hand
- expressing their common standings on COC through platforms of bilateral dialogues and meetings with regional countries;
- emphasizing concerns of the third parties, putting forward that the COC should not harm the rights and interests of non-signatories, and advocating that the COC should be kept open and transparent.

During the 8th ministerial meeting of the United States, Japan and Australia held in Singapore in August 2018 under the framework of tripartite strategic dialogue mechanism, a joint statement was issued calling for “the COC to be: consistent with existing international law, as reflected in UNCLOS; to not prejudice the interests of third parties or the rights of all states under international law”. Thus, it is noticeable that the United States, Japan and Australia take the unanimous stand on the COC issue to ensure “interests of third parties”, and make attempts to scramble for the dominance of regional rule-making through interfering in the construction of regional order in the South China Sea region.

From the perspective of legal principle, Japan, Australia and some other extra regional countries highlighted the importance of abiding by the international law as an essential access to the South China Sea issue while making full use of multilateral platforms such as G7, Shangri-La Dialogue and so on to express their concerns on the issue. And much of the emphasis is on:

- emphasizing that the award of the South China Sea arbitration case will provide a useful basis for the peaceful settlement of disputes in the South China Sea in the future;
- declaring that international law, including the 1982 United Nations
Convention on the Law of the Sea, should be fully complied with;

- respecting all diplomatic and legal procedures, resolving disputes in the South China Sea peacefully and refraining from the use or threat of force;
- and that all countries, including China, have the responsibility to abide by international law, respect freedom of navigation and overflight and other legitimate uses of the sea.

In the terms of economy, these extra regional powers take active measures to boost cooperation with ASEAN countries in trade, investment, enterprise development, transportation, energy and other fields, and on this basis, they put forth efforts to promote the shape-taking of the Comprehensive Progress Trans-Pacific Partnership Agreement (CPTPP) in order to retrieve the dilemma since the U.S. made the announcement of withdrawal from the Trans-Pacific Partnership Agreement (TPP) in 2017. CPTPP has been ratified by Mexico, Japan, Singapore, New Zealand, Canada, and Australia, and has entered into force among them On 30 December 2018. Thus, CPTPP as the first large-scale free trade agreement in the Asia-Pacific region, will further intensify the trend of regionalization and grouping of international economy and trade and will provide an important platform and path for developed countries to seize control over setting new rules of international trade. In addition, Japan, India and other countries take a positive attitude in pushing forward cooperation in the exploration and exploitation of hydrocarbon resources with some certain regional countries. In a joint statement recently delivered by India and Vietnam, it is claimed that Vietnam “welcomed Indian businesses to expand their oil and gas exploration and exploitation activities on land and in the continental shelf and Exclusive Economic Zone (EEZ) of Viet Nam”.

**Maritime security highlighted and regional cooperation boosted in this domain.** Japan, Australia, India and other extra regional countries strive to promote common understanding with countries in the South China Sea region in the domain of maritime security while securing their
own maritime security interests remains their basic standing, and boost defense cooperation with regional countries in respects of maritime awareness, natural disaster management, anti-terrorism and combating violent extremism, network security and so on. Accordingly, relatively most remarkable and steady strides are made forward by Japan as it:

- reaches an agreement with Vietnam on strengthening maritime security cooperation, and signs the Joint Vision Statement on Japan-Vietnam Defense Cooperation towards the next decade\(^\text{12}\), which provides guidelines for the future defense cooperation between the two sides;
- signs an executive agreement with the Philippine Navy to advance bilateral cooperation;
- based on the Three Principles on Transfer of Defense Equipment and Technology, promotes cooperation in defense equipment and technology with some regional countries, as evidenced by the grant of 5 MSDF TC-90 training aircrafts to the Philippine Navy\(^\text{13}\) and the signing of the Agreement Concerning the Transfer of Defense Equipment and Technology with Malaysia in April 2018.

India gives priority to defense cooperation with ASEAN. With a common vision on further deepening the Comprehensive Strategic Partnership, India and Vietnam make efforts to implement the Joint Vision Statement on Viet Nam-India Defense Cooperation for the period of 2015-2020 in a practical way as defense and security cooperation remains on the top of the list with focus on:

- strengthening defense ties between their armed forces, enhancing cooperation in areas of cyber security;
- expediting the implementation of the US$100 million Line of Credit for building of high-speed patrol boats for the Viet Nam Border Guards and urging for early signing of a framework agreement on the US$ 500 million Line of Credit for defense industry;
strengthening cooperation in maritime domain, including anti-piracy, security of sea lanes, exchange of white shipping information;

agreeing to hold the first Maritime Security Dialogue on issues related to maritime domain and further encouraged port calls of each other’s naval and coast guard ships.¹⁴

Meanwhile, India puts forth efforts in boosting defense partnership with Indonesia. The two sides signed a defense cooperation agreement in May 2018 as part of the bilateral comprehensive strategic partnership, aiming to expand collaboration in joint defense production, technology transfers and technical assistance, and sourcing of defense equipment.¹⁵ Other than areas of “great potential”, they identify cooperation in mil-to-mil dialogues, joint exercises, maritime security, counter-terrorism, cybercrime and arms smuggling as those of great necessity. Progress has been made in promoting maritime security cooperation as India and Indonesia hold the first Exercise Samudra Shakti in November 2018.¹⁶ India also values ties with Singapore and takes steps to improve bilateral defense partnership as both sides share the common vision of building the strong and long-term defense relationship. Under the frameworks of relative navy and air force agreements between India and Singapore, bilateral cooperation is enhanced in the domain of maritime security with emphasis on naval logistics support and joint air training. In addition, Australia plays an active part in the regional engagement. Operation Augury-Philippines is carried out with the Philippines, with personnel deploying in the Philippines and anti-terrorism tactics and methods shared.¹⁷ The 6th annual Australia-Indonesia High Level Committee meeting was held in July 2018, in which both sides agreed to “an extensive program of Navy, Army, Air Force and joint exercises and engagement activities for 2019-2020”, and “emphasized the importance of increasing the complexity of bilateral military exercises, enhancing information sharing, and growing practical maritime security cooperation in the Indian Ocean.” ¹⁸
Power presence expanded and operational coordination and coordination strengthened. These countries outside the region, such as Japan, Australia and the United Kingdom, routinely deploy their warships to the South China Sea with intensive mission arrangements, various modes of operation and extending scope of activities. It is noted that Australian Navy’s HMA Ships Anzac, Toowoomba and Success were dispatched to the South China Sea in April 2018 for a three-month deployment, during which they engaged in a series of activities with Vietnam, Indonesia, the Philippines and other regional countries, such as port visits, personnel exchanges, logistic resupplies, passage exercise and so on. Australia also took the chance to participate Exercise Bersama Shield, the joint maritime exercise under the framework of Five Power Defense Arrangement (FPDA) with other member nations, namely Malaysia, Singapore, Britain and New Zealand, with the aim to enhance interoperability and strengthen the professional relationships of FPDA nations through the conduct of maritime, land and air operations in a multi-threat environment.19

In August 2018, the British Navy’s HMS Albion L14 entered the territorial waters of China’s Xisha islands in a way to demonstrate its position of safeguarding freedom of navigation, which was the first of its kind carried out by the American allies in the South China Sea. In September 2018, the Japanese Maritime Self-Defense Force’s submarine Kuroshio and the destroyers Kaga, Inazuma, and Suzutsuki jointly conducted anti-submarine exercises in the South China Sea. After that, the submarine Kuroshio visited Cam Ranh Bay in Vietnam for the first time and conducted passage training with Vietnam, and the destroyer Kaga and other vessels paid port visits to the Philippines, and Indonesia.20 In addition, other extra regional powers such as India, France, New Zealand, Canada and so on also dispatched naval vessels to deploy in the South China Sea with an apparent but common attempt to demonstrate presence and expand their strategic space.

For countries as Japan, Australia, Britain and so on, importance has been
attached to further enhancing strategic consensus, promoting policy docking in the Indo-Pacific region and strengthening coordination and cooperation on both political positions and operations at sea when the South China Sea issue is concerned. Toward this end, they mainly rely on the bilateral and multilateral mechanisms under the framework of the U.S. alliance, such as 2+2 meetings of the Japan-U.S., U.S.-Australia, Japan-Australia, Japan-Britain and tripartite dialogue mechanisms of the U.S.-Japan-Australia, the U.S.-Japan-Britain. It is during the Japan-U.S. defense ministerial meetings that Japan and U.S. discussed about “defense cooperation among Japan, the U.S., and Southeast Asian nations to address conditions in the South China Sea”21. The MSDF vessels participated in the joint maritime exercise with the U.S., Australia and the Philippines during the deployment in the South China Sea. In January 2019, the guided-missile destroyer USS McCampbell and Royal Navy Type 23 frigate GMS Argyll conducted operations in the South China Sea. As the first of its kind, the drill included communication exercises, division tactics and so on with the aim “to address common maritime security priorities”. 22

To sum up, those extra regional countries other than the U.S. have reinforced their involvement in the South China Sea region and expanded their regional presence through political, economic, legal and security means, which stand out as a prominent feature of the current situation in the region. The geographic position of the South China Sea is the junction part between the Indian and Pacific Ocean, and in the context of the growing competition among big powers, its geostrategic value in politics, economy and security will be further highlighted. In the future, for countries outside of the region such as Japan, Australia, Britain, France, India and so on, safeguarding their national geostrategic interests will remain the basis of policy making. In response to the implementation of the U.S. India-Pacific strategy and also in demand for increasing diplomatic chips against China, multi-means of intervention will remain the basic orientation of their South China Sea policies, with emphasis on raising concerns about or choosing to interfere in the COC consultation,
upgrading deployments and operations in the South China Sea, as well as boosting regional defense and economic cooperation with ASEAN member states.

On one hand, Japan, Australia, India, Britain and other countries out of the region tend to intervene in the South China Sea affairs with stronger aspirations, and continue to take unilateral operations in the region. With the warming of Sino-Japanese relations, the confrontation between the two sides at sea will be eased in a certain extent. Japan, however, will not choose to give up its southward policy as it will keep on reinforcing its presence in the South China Sea. British Defense Secretary Gavin Williamson announced in February 2019 that the aircraft carrier Queen Elizabeth be deployed to the South China Sea after he told the media in an interview that Britain planned to build a new military base in the region with Singapore and Brunei as options of site selection more than one month ago. There is no denying the fact that the British government is divided on the deployment of aircraft carrier in the South China Sea. Behind these moves, however, there are realistic considerations as Britain needs to become closer to the U.S. for its support when faced with the Brexit pressure.

On the other hand, the effects of multi-party coordination and co-operation within the U.S. alliance system may be more significant. Apart from India and Russia, most of the countries outside the region, yet keen on interfering regional affairs, are allies of the U.S., such as Japan, South Korea, Australia, New Zealand, Canada and so on. For these countries, the alliance with the U.S. is taken as an important part of their strategic interests. Under the framework of the U.S. alliance system, they will further strengthen coordination between or among the allies not only about their positions on the South China Sea issue, but also concerning move-taking in various fields, such as diplomacy, jurisprudence, public opinion and operation at sea, so as to reinforce the collective effect in order to maximize their respective interests in the South China Sea. Take the recent Britain-U.S. joint drill in the South China Sea as an example.
There are strong signs that the joint operation between the U.S. and its ally in the South China Sea has been strengthened. It is most likely that elements of future joint operations of this kind, such as participants, tactical coordination and so on, will be expanded and upgraded under appropriate conditions.

Thus, the extra regional powers continue to reinforce their involvement in South China Sea by means of diplomacy, economy, security and so on, and as a result, regional contest and competition centered around the regional rule setting, control at the sea and so on will become more complex and increasingly critical. As some of these countries enhance the power presence and military activities in the South China Sea in a way to cooperate with the U.S., security confrontation and geopolitical tensions are bound to be intensified in the region.


PART V: Suggestions and Prospects

Hu Bo

It is imperative that China and the US enhance the quality of maritime strategic dialogue. To date, China and the US has not held any in-depth substantial talks over the situation of the South China Sea. Both sides are still reiterating their positions through various mechanisms, including the US-China Diplomatic and Security Dialogue (2+2). China asks the US not to violate China’s sovereignty over its islands and reefs or to infringe on its security and rights, while the US stresses that China should not undermine the freedom of navigation in the South China Sea or engage in the “militarization” of islands and reefs. Nonetheless, the focal issue of China-US contention is not about sovereignty or freedom of navigation. Instead, it is about power and orders. What concerns the US with regard to islands and reefs is not sovereignty but China’s capability to build installations on them; no evidence suggests that China’s “nine-dash line” claim undermines the freedom of navigation beyond the 12-nautical-mile limit of islands stationed by China in the South China Sea, and no sails including those of warships and military aircrafts have encountered any substantial obstruction. To some extent, both sides attempt to limit the ability of the other side to operate in the waters by stressing basic international norms, including sovereignty and freedom of navigation, which sounds morally correct. The US, in particular, is well aware of the fact that China cannot control the South China Sea. Yet, it continues to direct domestic and international attention to such a possibility with various policies.

As China-US strategic competition over the waters intensifies, they should give priority to substantive issues including arms control, power structure and rules for military operations rather than superficial problems, such as sovereignty and freedom of navigation. As the situation of the South China Sea unfolds, neither side could afford to waste any more
time. If they could not reach consensus on core issues of the waters in the future, including the power structure, codes of conduct and maritime orders, armed conflicts might actually break out. Therefore, we encourage both sides to stop hovering over superficial issues to focus on essential and meaningful concerns. Now that China has not act in any way to compromise freedom of navigation, the US should stop taking sides regarding sovereignty issues, so that a supportive and encouraging atmosphere can be created for in-depth bilateral dialogue. At present, the US still seems to hold an official neutral stance in the ownership of islands and reefs in the South China Sea. However, it has already taken its side in the maritime boundary delimitation and the ruling of the South China Sea arbitration, which actually concerns territorial sovereignty and maritime rights. This has further complicated the matters.

**Extraregional powers, including Japan, Australia and the UK, should play an important role in easing the tensions over the waters.** Intensified China-US competition in the waters is bound to narrow the strategic space of Japan, Australia and the UK, although they will not hesitate to take the US side, which is an easy choice for them. What remains unclear is to what extent they will employ the flexibility of their policy, which is vital to ease the tensions over the waters. If they choose to keep their policies completely in line with the US in disregard of the basic balance in the South China Sea, it will greatly heighten the tensions. When the situation spirals out of control, they will be left with limited options and end up compromising their own interests. Hence, it is inadvisable and extremely dangerously to blindly play up the tensions in the South China Sea. For the moment, these extraregional countries serve as the final weight. In spite of their general inclination towards the US, they do not intend to cross the bottom line to aggressively provoke China. Once they take things to the extreme, it will fuel the aggressive move of the US and trigger China’s compelling countermeasures, which will throw the situation out of control. Naturally, these countries have reasonable request for unimpeded access to the South China Sea and freedom of navigation, but they also have some illegitimate desires, such
as containing China with South China Sea issues. It is definitively unwise to pressure China blindly or even resort to military operations when their freedom of navigation and other interests are not compromised.

**Small moves of some claimants should be watched closely.** Driven by their established position, Vietnam and the Philippines are speeding up reclamation and infrastructure construction on islands and reefs they have occupied. It has been reported that the Philippines and Malaysia have even attempted to occupy more uninhabited islands and reefs, which severely violates the DOC. If they cannot exercise self-restraint, their conduct will become a grave threat to the peace and stability of the region. Vietnam and Malaysia have expanded their new petroleum and gas exploitation to a wide range of disputed areas. The disputes over resources, if not handled properly, could also trigger new repercussions. China’s proposal of shelving disputes and exercising restraint is not unconditional. In other words, the parties concerned are expected to make coordinated efforts towards the same goals. If any party misunderstands China’s goodwill and becomes overly aggressive, China may take necessary measures in response.

**It will become more difficult to push for substantial progress in COC negotiations.** If Single Text Consultation in earlier stages was to find the sum, which means the concerns of all parties concerned were brought in the initiative; then the latter stage is more like doing subtraction, because some tradeoff or compromise would inevitably be made as negotiations over substantive terms begin. It affects the vital interests of the parties concerned, so it is conceivable to encounter daunting barriers under tangled circumstances. China said it hopes to complete the talks within three years, but it is merely the country’s expectation and resolution. Whether it can be accomplished in three years depends on whether the intentions of ASEAN countries are on the same page. Even if they are, it is not an easy task to reach consensus on a great deal of sensitive and complicated terms in three years.
Joint development and maritime pragmatic cooperation are now at an impasse. COC negotiations and maritime pragmatic cooperation are two important tools for China and ASEAN countries to stabilize the situation of the South China Sea. Over the last two years, relevant parties have secured solid progress in cooperation on fisheries, petroleum and gas development and defense. In October 2018, China and the Philippines signed the MOU, which marks a major breakthrough in joint development. However, conflicts and barriers begin to swarm in as the two sides move from general consensus to details about specific sites and fields of cooperation. One underlying issue at stake is how to determine or understand disputed areas. Even if the consensus is reached among the parties concerned, the cooperation on oil and gas development and fisheries will not have substantial impact on the final maritime boundary negotiations. Likewise, claimants can hardly ignore the importance of resource exploitation and economic presence in the competition over the waters.

As the cooperation on oil and gas development and fisheries in the South China Sea constantly hits the headlines these days, some think tanks have issued cooperation plans or initiatives with a clear intention of influencing the development of the situation in the South China Sea. Among them, AMTI released a comprehensive and exhaustive roadmap for cooperation in the South China Sea, exploring cooperation on joint crackdown on transnational crimes and joint marine scientific research, fishery management and environmental protection and oil and gas exploitation. The report “seeks practicality and feasibility”. Yet, it has not received any positive response from any party concerned. Reports of the kind are no doubt valuable for theoretical research. In reality, however, joint development and maritime pragmatic cooperation are more likely to experience a lot of trial and error, and such roadmaps are merely empty talk to a large extent. For many issues, including fishery frictions, China is not at the centrality of the disputes. Instead, ASEAN member states face more acute conflicts among themselves. Considering that the fishery resources are especially mobile, coastal states of the South China Sea are
expected to foster a multilateral fishery cooperation mechanism to regulate fishery production and strengthen resource conservation in the region. Cooperation on oil and gas development can be more sensitive, as the parties concerned are faced with different conditions. Thus, preferable way is to push for the cooperation steadily with bilateral participation.

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1 This saying is quoted from Wu Shicun, President of National Institute for South China Sea Studies.
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