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## **South China Sea – A Multifaceted Conflict**

“When China becomes China, it becomes expansionist”

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### **Abstract**

*Forming the maritime heart of SE Asia, the South China Sea has grown in recent years into one of the most important geopolitical areas in the world. The conflict over seemingly insignificant archipelagos has many aspects, and, like a lens, focuses the rivalry of modern powers. The territorial dispute over the Spratly and Paracel Islands is the primary level of conflict, with prestigious and economic meaning. Another aspect is the striving for control over the regional Sea Lanes of Communication. The point here is not only the transport of goods from east Asia to Europe and Africa, but also of oil and natural gas supply from the Persian Gulf. The next aspect is related to Sino-American relations and rivalry. An equally important facet is the internal politics of the PRC, which is one of the causes of an assertive foreign policy. The CPC has become hostage to its own nationalist rhetoric. There is also a broader international level of the dispute. Countries such as Australia, India and Japan have to a greater or lesser extent joined the conflict as an element of their China policy. The South China Sea unexpectedly found its place in Russian-Chinese relations, and interest in the situation in the region is also expressed by France and the United Kingdom. All these aspects form an image of a very complex and dynamic conflict of growing importance.*

**Keywords:** South China Sea, international relations, China, Philippines, Vietnam, UNCLOS

## 1. Outline

The South China Sea (SCS), the heart of Southeast Asia, has in recent years risen to be one of the most important areas in the world in geopolitical terms. However, the conflict revolving around seemingly insignificant archipelagos of islands, rocks, reefs and banks is multifaceted and like a focusing lens, it brings into spotlight the rivalry between today's global powers.

Besides that, the South China Sea is a very important area from the economic point of view. The shipping route connecting China and other East Asian countries with Europe, Africa and Middle East passes through the SCS (estimated US\$ 3.37 trillion worth of trade), as well as nearly 80% of crude oil and natural gas supplied to China and Japan. The seabed contains, most probably, large deposits of hydrocarbons which, according to the most optimistic estimates, may be as large as the deposits in the Persian Gulf. The abundance of fish and seafood, which is a major diet component for the people of the region, is also a significant factor.

In formal terms, the main subject of the dispute are the Paracel Islands (in Chinese: Xisha) and Spratly Islands (in Chinese: Nansha). The Paracel Islands are claimed by the People's Republic of China (PRC), Republic of China (Taiwan) and Vietnam, whereas the Spratly Islands are claimed by the three aforementioned claimants plus the Philippines, Malaysia and Brunei. According to the latest estimates, Vietnam controls 48 features, China and the Philippines 8 each, Malaysia 5 and Taiwan 1.

The Paracel and Spratly Islands lie at the centre of the conflict because of their size and the number of claimant countries. Due to the strategically vital location of both archipelagos they first became a subject of dispute between Japan and France in the late 1930s. It is worth noting that until this very day Vietnam supports its territorial claims over the Islands by reference to the French occupation thereof. China could not take an active part in the dispute at that time, yet after the Second World War, Chiang Kai-Shek's government drew the so-called "eleven-dash line" (later "nine-dash-line") demarcating China's claims. The line was revised over the years, at certain points being a ten-dash and eleven-dash line, and claiming as much as 80% to 90% of the South China Sea inside the line for China. The "nine-dash line" still constitutes the basis for claims to the SCS made both by the People's Republic of China and Taiwan (Franckx & Benatar 2013, pp. 173–207).

The neighboring countries paid more attention to the islands in the 1960s, and since then the conflict has been alternately gaining or losing momentum. Some of the most heated moments came in 1974 and 1988 when Vietnamese and Chinese naval forces clashed (both battles won by China). For a variety of reasons, China was not able to benefit fully from its military successes back then. This created a favorable situation for the other countries who constructed outposts and small fortifications in the 1980s and '90s on almost all buildable islands, and Malaysia even constructed a civil-military airport accommodating C-130 Hercules aircraft.

Such a situation forced China to resort to unconventional measures, though more decisive steps were taken in 2012. The first step on the way to sanctioning Chinese claims was the granting of city rights and prefecture-status to the village of Sansha located on Yongxing Island in the Paracels on 21 June 2012. In this way the smallest city of China, by land area and population, was established – with only 13 km<sup>2</sup> area and 450 inhabitants – and the largest prefecture by total area comprising of 2 mln km<sup>2</sup>, and covering the Paracel and Spratly Islands. A month later a military base was created in Sansha, its “garrison command,” that is division-level command placed under the Hainan provincial command.

The next move was to “paramilitarize” the conflict. Chinese coast guards, acting in strict collaboration with the so-called “fishing protection forces” (or fishing militias or “little blue men”) intensified their activities in the disputed waters. These paramilitary formations were established by fishing enterprises and cooperatives. The crews are trained by the navy, and fishing vessels are equipped with advanced communication and satellite navigation systems (Ericsson & Kennedy 2016). The coast guard and the protection forces support one another in their actions which consist mainly in impeding the work of fishermen and security forces hailing from other countries, or even rendering it impossible. Another task of the “fishing protection forces” is to monitor the disputed waters and the activities of the other claimants.

Yet more steps were taken in May 2014 when only 18 sea miles south of the Paracels, in waters contested by Vietnam, a Chinese oil rig, HYSY 981, was deployed. The drilling rig was guarded round the clock by Chinese coast guards and other government agencies. This provoked frequent confrontations with the Vietnamese coast guard in which water cannons were fired and ramming was reported. During these incidents Hanoi used the media skillfully and broadcast lots of film footage documenting vio-

lence on the Chinese side. The propaganda failure might have been one of the reasons for a sooner than planned withdrawal of the drilling platform by China.

As it turned out, apart from its research and pressure-instrument function, HYSY 981 was also a smoke screen. While the world's public opinion was focused on the drilling platform, China embarked on the construction of 6 artificial islands in the Spratly archipelago (AMTI 2015). At the same time, the infrastructure on Woody Island in the Paracels was expanded. China outfitted its outposts with 3 airstrips of about 3 thousand meters length, deep-water harbors, stores, lighthouses, maritime rescue facilities, and recently, also tourist infrastructure. In spite of reassurances from Beijing, most of the facilities are military facilities per se, though definitely the deployment of HQ-9 surface-to-air missiles (taken off in July 2016) and YJ-62 anti-ship cruise missile on Woody Island raised most concern (IHS Jane's 2016). J-11 fighters have already been spotted on the aforementioned airfields, and on many islands signs of setting up a radio location network have been seen (AMTI 2016a). These actions are perceived as China's preparations to declare an Air Defense Identification Zone (ADIZ) over the South China Sea and establish an anti-access/area-denial zone (A2/AD), and in result, to enforce its territorial claims and limit access to the disputed waters to potential rivals. Also, Vietnam has embarked on construction of man-made islets, though these works are conducted on a much smaller scale (AMTI 2016b). Concern regarding China's declaration of an ADIZ may not necessarily be substantiated. The existence of a potential zone evokes enough of a fear response and it may be as effective without being formalized, whilst declaration of an ADIZ may push other claimants to take similar action and provoke the even bigger involvement of the USA.

An important turnaround in the history of the dispute was the ruling of the Permanent Court of Arbitration in the Hague, announced on July 12, 2016. The case was initiated in January 2013 by the Philippines against Chinese claims over the Philippine exclusive economic zone. From its very announcement, the PRC refused to recognize the ruling and so the Tribunal decided that it will concern itself only with the matters involving the interpretation and application of the United Nations Convention on the Law of the Sea (UNCLOS), and thus lying within its authority. Nonetheless, the ruling was devastating for China. The tribunal ruled that Beijing's claims are unsubstantiated and undermined the legitimacy

of the nine-dash line. The ruling also condemned the harm to the natural environment caused by China's construction of artificial islets and uncontrolled fishing practices. Although Beijing undermined the legitimacy of the ruling and the authority of the Tribunal (Carnegie 2016), it soon announced the setting up of a South China Sea environment protection fund, and works on establishing a code of conduct in contested waters seem to be nearing a finale. Nonetheless, China is still engaging large funds in the creation of its own, alternative system of marine tribunals and in the training of lawyers specializing in maritime law.

## 2. Dimensions of the Conflict

The conflict has many dimensions which influence one another. Conflicting interests of individual actors (including internal conflicts) complicate the situation even more and only escalate the chaos.

### *2.1. Politics and economy*

a) Territorial dispute: this is the original layer of the conflict, which revolves around economy and prestige. China, continually growing in power, felt strong enough to apply the method of accomplished facts. Since the very beginning, Beijing has supported a solution in the form of bilateral agreements which would enable it to put weaker partners under increasing pressure. So far, such a proposal has been accepted only by Brunei. It is not publicly-known what was offered to the sultanate of Brunei in exchange for releasing its claims, though it can be speculated that Hassanal Bolkiah, the Sultan, must have struck a good deal. The area claimed by Brunei is relatively small and the oil reserves are located at about 5 thousand meters below the sea bed, whose average depth is 1.5 thousand meters, thus making its exploitation – with current technology and at current prices – unviable. A counter-proposal, put forward by the Philippines, Taiwan, and Vietnam, and supported by Singapore, consisted in a systemic solution in the form of a multilateral agreement reached through conference negotiations or with the help of ASEAN. This, in turn, provoked China to embark on actions intended to break the united front of ASEAN, which backfired at a certain moment. Beijing's arrogance did a lot of harm in this case, pushing its rivals into the arms of powers from outside the region.

Among the estranged states, Laos, with its new government wanting to diversify sources of foreign aid and investment capital, was even labeled a vassal of China. Another and more important country that was pushed to join the informal anti-China camp is Indonesia.

Chinese leaders quickly realized the severity of the situation and in early 2017 adopted a “stick and carrot” policy. The situation was facilitated by the pro-Chinese and anti-American course of Rodrigo Duterte, president of the Philippines. China thus proceeded to lure Manila with promises of big investment. The matter is still open; Chinese declarations have not as yet been translated into concrete action, and most of the agreements signed are mere letters of intent. In general, the countries of the region are tempted by a vision of investment in infrastructure worth over US\$ 140 billion. Most of the projects relate to the Maritime Silk Road described herein below. Concurrently, when China’s interests are violated in any way, Beijing does not hesitate to use the “stick.” According to some still unconfirmed reports, when Vietnam and the Philippines wanted to start searching for oil and natural gas in the disputed area, they were threatened with such countermeasures as retorsion, including military action by the PRC (Thayer 2016).

b) New Silk Road: the South China Sea is the starting point of a land route (the “Belt”) and maritime route (the “Road”). The strategic significance of the One Belt, One Road project to China suffices to justify an approach dubbed in Beijing “passive assertiveness” and the ruthless assertion of its territorial claims. This aspect of the dispute is related to China’s broader aspiration of acquiring free access to the open waters of the Pacific Ocean, and therefore it is inextricably linked to the issue of the East China Sea. The two conflicts overlap, in both areas Beijing applies similar methods, and most certainly, the resolution of one dispute will affect the outcome of the other.

## 2.2. *Great powers rivalry*

a) Chinese-American rivalry: China’s ambition to challenge American domination (a classic example of a power rising against a hegemon) is increasingly evident. Its large-scale and far-reaching plan encompasses assertion of military power (intensive modernization of entire armed forces, expansion of fleet, establishment of aerospace and cyber forces), economic power (Silk Road 2.0, AIIB) and power of propaganda (although its policy

on the South China Sea has effectively destroyed the image of a “peaceful power” cherished for long years). This aspect of the dispute is particularly emphasized in the US where the dominant narrative is that realization of China’s claims will lead to its domination over Southeast Asia, and that would be a stepping stone to gaining the status of a global superpower. A parallel is often drawn here with the history of the US which, before becoming the world’s hegemon, ensured its domination of the Greater Caribbean. Another issue is that Hainan Island houses a major Chinese nuclear submarine base with ballistic missiles. The southern coast has long been considered China’s “soft underbelly,” and control even over the Paracel Islands will definitely change this situation. Until today Washington has not been able to work out any effective counter-measures. The Freedom of Navigation Operations performed hitherto (FONOP, navy ship and aircraft patrols), and military aid provided to the countries of the region have not yielded the desired effects.

b) Other great and regional powers: countries involved in the dispute from outside the region can be categorized into four groups. The first one consists of countries pulled into the conflict directly by the US, that is Australia and to some extent, Great Britain; they condemn China’s activities in the South China Sea, and limit their participation to FONOP and military maneuvers in the region.

The second group consists of Japan and India. The former acts as an ally of the US, but since it is engaged in its own territorial dispute with the PRC in the East China Sea (Senkaku/Diaoyu Islands, concerning the border of exclusive economic zones) it is politically active in the region, and provides economic and military support (supply of military equipment) to the Philippines and Vietnam. Washington seeks to pull India into its alliance, yet New Delhi – despite its readiness to accept help – prefers to compete with China on its own terms. Recently, India and Vietnam have tightened their strategic partnership; India is supposed to supply 4 high-speed patrol vessels to Vietnam, and it has been reported that India signed an agreement for sale of BrahMos, supersonic anti-cruise missiles, and that in early 2016 India set up a satellite tracking station in Vietnam to jointly monitor Chinese satellites. India and Japan are also slowly tightening their cooperation, which is manifest in the Asia-Africa Growth Corridor (AAGC) project seen as a counter to the sea stretch of the Chinese Belt and Road initiative (CSIS 2017). At the same time, Japan is becoming more involved in the SCS, and recently it dispatched its largest warship to



the SCS. Japanese expansion of its naval operations in the SCS involves drills with the countries of the region and the US Navy, and also promotion of Japanese military equipment. During a joint press conference on August 18 in Washington held by the heads of the American and Japanese Foreign Affairs and Defense ministries: Kōno Tarō, Onodera Itsunori, Rex Tillerson and James Mattis, the Japanese side announced having set up a US\$ 500 million security fund dedicated to the provision of military and security aid to countries of Southeast Asia in the three years to 2019. Most of the funding will be aimed at boosting maritime security. The Philippines and Vietnam are enumerated as the main beneficiaries. It can also not be ruled out that the funding will be used to buy secondhand equipment from the Japanese Self-Defense Forces (HIS Jane's 2017).

The two last groups are formed by two states. The first one is Russia which uses the term "semi-alliance" to describe its relations with China, a term which aptly captures the complicated Russian-Chinese relations. Russia also feels threatened by the increasingly stronger position of China, and the cooperation definitely has an anti-American streak. At the same time, Moscow declares its readiness to act as an "honest broker" between the PRC and other Asian countries, with the additional aim of strengthening its position in the power battle against Beijing. Russia's position is ambiguous, as on the one hand it supports China's proposal to resolve the dispute through bilateral agreements, and on the other hand, it emphasizes that the solution should comply with international law, including UNCLOS, and has adopted the "not to side with any party" approach. Moreover, the latter approach seems to be in stark contradiction to the joint naval drills carried out with Chinese forces in the South China Sea (September 12–19, 2016) during which island seizing was practiced. Yet, it must be noted that the drills were carried out relatively far from the disputed territory. The outcome of Russia's pivot to Asia is, as yet, not apparent, and it is hard to make any forecasts for the future.

Just as enigmatic, not to use the word "ephemeral," are the results of the French comeback to Asia. Paris signed a series of collaboration agreements with the Philippines and Vietnam. France has also announced its intention for a "regular and visible" presence in the South China Sea through coordinating the navies of fellow European Union (EU) states to conduct patrols in the area. French Defense Minister Le Drian suggested that if other EU member states do not agree to such measures, France will proceed on its own. Until today Brussels has limited its interference



to just calling upon the contesting parties to seek peaceful diplomatic solutions, and to assure complete freedom of navigation on the contested waters. The French initiative was perceived as putting pressure on the EU to support the Tribunal's ruling. Yet, it seems rather unlikely that France, challenged with many internal issues, is capable of getting seriously engaged in Southeast Asia.

### *2.3. China's internal policy*

Since the reforms in the 1980s, the Communist Party of China (CPC) has been using the idea of nationalism to legitimize its power on an increasing scale. This has led to a situation in which any concessions on prestigious matters, hyped up and exploited for the purposes of propaganda, may trigger internal turmoil. As far back as in 2010, and in 2012 again, anti-Japan demonstrations turned into anti-government protests. One of the reasons behind China's aggressive expansionism, as experts claim, might be an attempt to control its "military hawks." At the time of taking power, President Xi Jinping did not enjoy too much esteem from the Chinese People's Liberation Army. In order to appease the military forces a two-course approach was adopted: on the one hand, a far-reaching campaign against corruption used as a drive to remove the opposition and reinstall the institution of political officers, and on the other hand, to increase funding, and public consent to paramilitary conflicts in the South and East China Seas (Nakazawa 2016).

## **3. Conclusions and Forecasts**

China's policy has placed it on a potentially dangerous collision course with the US and other aforementioned countries. However, outbreak of a full-scale armed conflict is not yet certain. The so-called "Thucydides trap" constitutes a much bigger threat, as well as the spreading conviction that war is imminent. Equally dangerous is the emphasis on perceived past and current victimization fostered by Chinese internal propaganda and the depiction of rivalry with other superpowers as revenge for humiliations suffered in the 19<sup>th</sup> and 20<sup>th</sup> centuries. A society shaped by such a nationalistic discourse may react to failure in a hysterical way and put pressure on the government to take decisions guided by emotions instead

of cold calculations. Leadership that promotes and identifies with such self-righteousness may easily succumb to such pressure.

The PRC's main problem in its relations with the neighboring countries is replacing the "carrot" with the "stick." At present, the pressure related to the dispute is much more perceptible than any potential benefits that may arise from it. After Beijing disclosed the construction of artificial islands, it also declared its readiness to make joint use of the newly-constructed civil facilities. All actual and potential allies of the USA are well-aware of the economic benefits that come from collaboration with China, hence they are rather critical of the more confrontational plans and conclude multi-million dollar deals with the PRC. It is clear that Beijing decided to use this opportunity. At the G20 summit in Hangzhou, President Xi Jinping invited other states to strengthen the mutually beneficial cooperation in order to advance their shared prosperity, whereas President Obama was only able to propose American leadership and deployment of an anti-missile system. This reflects Beijing's efforts to strike a balance between two contradictory goals: assertion of claims to the South China Sea which requires force, and on the other hand, the easier goal of getting rid of the USA's presence in the region by pulling its allies to its own side. The politics exercised by the countries of the region suggests that allying with the US may be treated as a way to strengthen one's position in relation to Beijing and get a more attractive "carrot" in return.

Since the 1980s there is serious concern in Washington about its Southeast Asian allies changing loyalties and forging alliances with China. Japan comes up most frequently in this context, although it was South Korea that got pulled into China's arms. In recent weeks President Rodrigo Duterte has made a surprise pivot towards China. The PRC has previously lured the controversial politician with promises of economic profits in exchange for releasing the Philippine's territorial claims. Duterte even voiced his readiness to "forget" about the Tribunal's ruling if the reward offered were to be satisfactory. The diplomatic dance goes on, whilst the President's will to end joint patrols with the US Navy in the contested waters and call for US special forces to withdraw from the Philippines suggest that Beijing and Manila may strike some kind of agreement very soon. It is especially interesting in the light of the fact that the Scarborough Shoal, located in the Philippine's exclusive economic zone, where increased activity of the Chinese coastal guard has recently been reported, will most probably be the nearest target of China's expansion.

Following interviews with Chinese diplomats, politicians, scientists and ordinary people Feng Zhang (2016), political scientist, put forward a thesis that the Chinese vision of cohesive foreign policy has not crystallized yet. As the case of the South China Sea shows, three fractions can be distinguished:

- 1) radicals seeking to assert territorial claims at any cost, even if that would entail entering into a full-scale conflict with the US;
- 2) realists, the fraction responsible for China's current policy, aware of the strong and weak points of the PRC and testing how far the boundaries can be pushed;
- 3) moderates who realize what will be the implications of current claims and actions, and who believe that China should adopt a more conciliatory approach and give up on the "9-dash line" that stands in the way of consensus.

Recapitulating his thoughts on this issue Zhang stated that Chinese diplomacy is "coming of age," though in light of China's increasingly important global role, it should mature as quickly as possible.

Irrespective of how one evaluates China's policy, we have to admit that Beijing skillfully uses to its advantage all of its assets, as well as the weaknesses of its opponents and a conducive international situation. After the congress of the CPC in the autumn of 2017, new initiatives may be launched. Ultimate victory of the PRC, although it is already almost certain, may not necessarily meet China's expectations. A lot depends on what kind of actions will be taken, not by the claimant countries, but by the big players: India, Japan and the US. Vietnamese leaders are well-aware of that fact, and openly encourage "internalization" of the dispute. While Japan, entangled in a territorial dispute with China, is beginning to take more decisive actions, India's stance, on the other hand, is rather hesitant. Ultimately, the country with the biggest say is the US and most depends on whether Donald Trump's administration will succeed in formulating a cohesive and efficient policy toward China.

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