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## The Strategic Significance of the South China Sea

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The South China Sea is important for its wealth of resources, from fishery stocks that comprise the livelihood and diet of so many in the region, to still unknown quantities of hydrocarbons and other seabed minerals. But the *strategic* significance of the South China Sea derives chiefly from its geography.

For both objective and subjective reasons, China appears to require greater control over the South China Sea in order to guarantee its security. That is why a reemerging China is strengthening its naval and civilian law-enforcement capabilities to assert its territorial claims in adjacent waters and bolster its influence in maritime Asia. Some Chinese nationalists, sensing now is the time for China to undo perceived historical injustices, are pushing for expanding China's 'core interests' to incorporate offshore land features and waters (consider those pushing for the nine-dashed line as a demarcation of national sovereignty or even those claiming historical rights to the Ryukyus). But even mainstream Chinese officials believe that a more affluent and powerful China should reduce its vulnerabilities. The longstanding postwar American military presence is perceived as a potential threat to one of China's most vital chokepoints, the Strait of Malacca, which has also been called the 'throat' joining the Indian and Pacific Oceans. Overland pipelines in Asia may reduce the extent to which the Strait of Malacca (perhaps along with the Lombok and Sunda Straits) is a single point of failure for the Chinese economy, but it seems likely that the sea lines of communication through the semi-enclosed South China Sea will remain vital to China and the region for the long term.

The geopolitical importance of this body of water thus has important operational military implications. China is pursuing across-the-board military modernization, advancing counter-interventional capabilities that effectively would deny access to other military forces, including the power projection forces of the United States. While the People's Liberation Army is keen to develop the ability to push the United States armed forces beyond the first island chain, the United States is seeking ways to counter anti-access and area-denial capabilities. The nations along the first island chain, which comprises the archipelagic Asian countries from Japan down through maritime Southeast Asia, are in a quandary over how to defend their own sovereignty in the face of an increasingly capable Chinese military backed by a regime that may want the rules to be made in Beijing. The perception of China's rise and America's decline is fueled by many sources, including the 2008 global financial crisis and China's widely reported success in cyber espionage; coming off protracted ground wars in Iraq and Afghanistan, the United States looks like a declining power against a rising China in the midst of what is often viewed as a classic great-power transition. Nor do academic proposals for a G-2 power-sharing arrangement between China and the United States satisfy most of China's neighbors, who want trade with China but a continuing American military presence to serve as a stabilizing force and a security guarantor. Competing claims over islands, other land features, or resources further confound and confuse the underlying strategic competition.

Thus, tensions in the South China Sea have grown over the past few years because of a confluence of geopolitical and resource competition, mixed with an increasing Chinese domestic political debate about sovereignty and a corresponding increasing in national assertiveness.<sup>1</sup> And the frictions that have resurfaced since about 2009 are complex, dangerous and unlikely to be resolved soon. While these tensions appear manageable and are unlikely to trigger war (except through miscalculation or accident), they are trending in an unfavorable direction. The security situation in the South and East China Seas has deteriorated in the past few years, as disputes have multiplied and distrust has deepened. China's assertiveness is growing, tensions in each of the seas have spilled over and produced suspicions in the other, regional institutions are not facilitating cooperation, international law is being ignored and Sino-American relations appear to be unmoored, with competitive elements outweighing shared great-power interests.

**China's Growing Assertiveness.** If Xi Jinping were inclined to revert to the longstanding policy articulated by Deng Xiaoping of "setting aside dispute and pursuing joint development," there was little hint of it as he began a 10-year stint as head of state, Communist Party leader and commander-in-chief.<sup>2</sup> Addressing the People's National Assembly in mid-March, Xi rallied delegates around the goal of achieving "the great renaissance of the Chinese nation and the Chinese dream."<sup>3</sup> He also called for the People's Liberation Army to strengthen its ability to "win battles," very likely an allusion to possible conflict in China's near seas.<sup>4</sup> More to the point, Xi has continued the preexisting Chinese policy of using a three-tiered, comprehensive maritime force comprising civilian fishing vessels, civilian law-enforcement ships, and warships to express China's growing claims to maritime rights and territory.

Beneath Xi's calm demeanor is a tough man who should not be underestimated. His father fought with Mao against the Imperial Japanese Army. To be sure, China under Xi is elevating veteran diplomats and still focusing on economic development and trade, especially in East Asia.<sup>5</sup> But some of China's neighbors are concerned about Xi's sharp-edged neighborhood policy. "The Chinese," a Singaporean official told author Robert Kaplan, "charm you when they want to charm you, and squeeze you when they want to squeeze you, and they do it systematically."<sup>6</sup>

**Maritime Disputes Are Spilling Over and Deepening.** Despite the different disputes in the South China Sea and the East China Sea, rising tensions in one have affected the other. What appeared to begin with growing Chinese-Vietnamese tensions over the Paracel Islands in the South China Sea in 2009 reverberated throughout all of East Asia by July 2010, when Hanoi hosted the 27-member Association of Southeast Asian Nations (ASEAN) Regional Forum.<sup>7</sup> It was there that then-Secretary of State Hillary Clinton said that the United States now considered conflict resolution in the South China Sea "a leading diplomatic priority."<sup>8</sup> Similarly, when a Chinese fishing trawler rammed a Japanese Coast Guard ship in September 2010, East Asian countries took note, creating tensions leading up to the 2011 ASEAN Regional Forum.<sup>9</sup> More recently, the standoff between Chinese and Filipino ships near Scarborough Reef in the South China Sea led to Chinese de facto control of those land features and their surrounding waters, which was

quickly followed by a heightened state of confrontation between China and Japan over the Senkaku/Diaoyu Islands in the East China Sea.<sup>10</sup> In May 2013, following rising tensions in the East China Sea, the Philippines and Taiwan became embroiled in tension over the tragic shooting of a Taiwanese fisherman by the Philippine Coast Guard,<sup>11</sup> even as both sides were continuing to debate the fatal incident, the Philippines lodged a new protest against Chinese intrusion into Ayungin Shoal in the disputed Spratly Islands.<sup>12</sup> China under Xi appeared to be bent on seizing the South China Sea one shoal at a time.

These local disputes are not just coloring the perceptions of others in the region; they also show signs of growing intractability. Certainly this is the case in the East China Sea, where Japan's new conservative Prime Minister, Shinzo Abe, says that his country will not back off its claims to both sovereignty and administration of the Senkaku Islands.<sup>13</sup> Meanwhile, China claims "indisputable sovereignty" over the same Diaoyu islands and their surrounding waters (as it continues to do over most of the South China Sea).<sup>14</sup> The dispute has gradually escalated, especially since the previous Japanese administration purchased privately-held leases to three of the five islands in 2012.<sup>15</sup> Chinese maritime and air intrusions into the territorial waters and airspace now occur daily, with Beijing encouraging fishing in these troubled waters and then dispatching civilian marine surveillance and law enforcement vessels to exercise nominal administrative control (thereby challenging not only Japan's claim to ownership but also its claim to sole administration). Military forces have increasingly been thrown into the mix of intrusions, and Japan has been forced to scramble fighter jets.<sup>16</sup> In one instance in January 2013, a Chinese frigate locked onto a Japanese destroyer with its fire-control radar on the high seas surrounding the Senkakus.<sup>17</sup> Whereas some believe that China's logic may be to exhaust Japan's limited coast guard and maritime forces, the rising tensions are accompanied by a constant and seemingly growing risk of military escalation.<sup>18</sup>

**Regional Institutions Falling Short.** At a time when some foresee global fragmentation, there is an increasing need for effective regional institutions.<sup>19</sup> East Asia is famous for its so-called alphabet soup of overlapping institutions, most of which are affiliated with ASEAN. But even as that organization approaches a 2015 deadline for advancing a unified economic community, its core principles of neutrality, the non-use of force and consensus-based decision-making are all showing strain over maritime disputes in the South China Sea. Having taken a decade to produce a Declaration of Conduct of the Parties in the South China Sea, and another decade to produce broad implementation guidelines, ASEAN appears no closer to concluding a binding Code of Conduct. And it is divided over whether any such Code of Conduct should be first agreed to by all ASEAN members or crafted with China from the start.<sup>20</sup> Meanwhile, China appears more bent on preserving the diplomatic leverage and flexibility that comes with pressing its claims and disputes on a bilateral basis rather than within a rigid multilateral framework.

Indeed, the quest for a Code of Conduct process appeared to go in reverse while Cambodia held the ASEAN chair in 2012, as the countries were unable to issue even a joint declaration for the first time in its history. The disputes in the South China Sea have divided ASEAN between the four claimant states of Vietnam, the Philippines, Malaysia and Brunei on the one side, and the six non-claimant states on the other. In addition, the

non-claimant states have widely varying degrees of opposition to the claimant states, often depending on their ties with China and the United States. Among the claimant states, Vietnam and the Philippines have been at the forefront of disputes with China, which has published a map with a vague nine-dashed line covering most the South China Sea to indicate its historical claims.<sup>21</sup> Many hope Brunei will do a better job at addressing the dispute while it holds the ASEAN chair this year, but that is a lot to ask of a small country with few defenses and significant economic interests at stake with China.<sup>22</sup> And Myanmar, set to chair ASEAN in 2014, may simply be hoping to get through the process without creating a regional incident.

**Casting Aside International Law.** International law rarely triumphs over power politics and national prerogatives. Yet, the law of the sea has evolved in important ways since Swiss jurist Hugo Grotius articulated his doctrine of freedom of the seas.<sup>23</sup> In particular, the United Nations Convention on the Law of the Sea (UNCLOS) provides the world with positive law, which is to say treaty text, which has been ratified by the vast majority of countries (although not the United States, as discussed below). But that text is open to different interpretations (for instance, over what precisely constitutes an “island” or a “rock,” the crucial difference being the undefined natural ability to sustain human life, or exceptions to compulsory arbitration of disputes). So in January 2013, when the Philippines opted to clarify its maritime disputes with China through compulsory third-party arbitration, China summarily rejected the process and elected not to participate.<sup>24</sup> The arbitration will continue, but without the Chinese even attempting to explain why they believe the UNCLOS provision for compulsory arbitration does not apply.<sup>25</sup> While it may be difficult for China to ignore the ultimate verdict (especially if it casts serious legal doubt on China’s nine-dashed line, for instance), it is worrisome that key countries seem to reject international law.

**U.S. Policy Questions Linger.** The U.S. policy of rebalancing to the Asia-Pacific region has occurred against the backdrop of rising tensions in the South (and East) China Sea. A major pillar of that policy has been to reassure allies and friends that the United States would not only remain in the region, but over time enhance its comprehensive engagement there. Although U.S. policy studiously avoids taking sides over sovereignty disputes, the United States has sought to reassure Japan that it recognizes Japanese administration of the Senkakus and as such is covered under Article V of the mutual security treaty.<sup>26</sup> Even so, Washington has also sought to preserve some strategic ambiguity, underscoring its emphasis on the peaceful resolution of disputes. Like Japan, the Philippines is a treaty ally of the United States, and the mutual security treaty pledges U.S. support in responding to attacks on Philippine ships. Yet, officials in Manila have sought to remove strategic ambiguity and win an Article V-like pledge of support in the event of escalating tensions with China. The desire of the United States not to offer allies a blank check but instead to retain some strategic ambiguity over its support is only reinforced by mishaps such as the Philippine Coast Guard killing of a Taiwanese fisherman in May 2013.

It may be particularly hard for the United States to fully reassure some allies in a period of fiscal austerity, when the long-term defense budget of the United States appears

uncertain. After all, historically, past post-conflict drawdowns have led to budget cuts across all services, slowing down and purchasing fewer large assets, and reduced operations and maintenance budgets.<sup>27</sup> But U.S. officials stress that U.S. rebalancing will go forward despite budget cuts. For instance, Deputy Secretary of Defense Ashton Carter repeated the Obama administration's commitment to deploy "60 percent of our naval assets...to the Asia-Pacific region by 2020—a substantial and historic shift."<sup>28</sup> U.S. rebalancing, which focuses more on engagement than new basing, is also meant to be as much about diplomacy and trade as it is about military presence. Even so, allies and partners will be watching the U.S. defense budget very closely. Much will depend on the duration of sequestration and the future of the U.S. economy, as well as the extent of America's military involvement in crises in other regions of the world, especially the Middle East.

For China, U.S. rebalancing offers too much allied reassurance, by showing that the United States intends to preserve its military preponderance at a time when an increasingly capable China also wants to assert greater influence over its immediate neighborhood.<sup>29</sup> China's military budget continues to grow at a double-digit rate, with investments in maritime modernization and information dominance as leading elements.<sup>30</sup> The problem is that U.S.-China relations have not achieved a satisfactory level of equilibrium. The confrontational elements of that relationship may overshadow cooperative elements such as trade.

The answers to these problems are readily apparent to some experts, especially from the United States and Southeast Asia and including this author: China should adopt a friendlier neighborhood policy (as it has on some past occasions); countries should exercise restraint and advance cooperation; ASEAN needs to adopt a realistic strategy to advance a binding Code of Conduct; countries must institute military confidence-building measures to build habits of cooperation and minimize distrust; and the United States and China need to embrace their enlightened self-interest and pursue a basically cooperative framework for bilateral relations to prevent some tensions from creating a vicious cycle of action-reaction great-power relations.<sup>31</sup>

There is no single answer to the problems of the South (and East) China Sea. Yet, there are reasons to be optimistic, especially because most parties believe that war is remote and dispute management necessary. Economically, the seas are at the crossroads of global commerce and an increasingly vital source of both food and energy resources. Politically, cooperation in these seas is a growing test of rising Asia's peace and prosperity, as well as a test of China's narrative of its peaceful rise. Strategically, as suggested at the outset, the South and East China Seas are the place where Chinese military modernization is most likely to directly challenge America's long, postwar dominance. In other words, the East and South China Seas are central to Asia-Pacific security. The stakes are high and increasing in these seas, and all governments must place a premium on avoiding war, managing disputes, slowly building institutions and advancing joint cooperation.

In the pursuit of peace, all nations – not just the United States – will need both wisdom and deft statecraft to manage these complicated and interwoven challenges. Building new norms and effective institutions take time. While China’s future intentions cannot be known, its embrace of globalization has evolved over time. Today, for instance, it regularly accepts third-party arbitration in World Trade Organization disputes, and there is some hope that in the future it will do so when it comes to maritime disputes as well. Intelligent, rules-based solutions can allow international fair play and give equal protection to the weak and strong alike.

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<sup>1</sup> See Patrick M. Cronin, ed., “Cooperation from Strength: The United States, China and the South China Sea” (Center for a New American Security, January 2012). The CNAS Flashpoints website is available at [www.cnas.org/flashpoints](http://www.cnas.org/flashpoints).

<sup>2</sup> “Set Aside Dispute and Pursue Joint Development,” Chinese Ministry of Foreign Affairs, November 17, 2000, <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18023.htm>.

<sup>3</sup> “Xi tells China’s military to improve ability to ‘win battles,’” *The Australian*, March 17, 2013, <http://www.theaustralian.com.au/news/world/xi-tells-chinas-military-to-improve-ability-to-win-battles/story-e6frg6so-1226599130688>.

<sup>4</sup> Ibid.

<sup>5</sup> William Wan, “China’s new foreign team will reflect rising tensions with U.S., Japan,” *The Washington Post*, March 16, 2013, [http://www.washingtonpost.com/world/asia\\_pacific/chinas-new-foreign-team-will-reflect-rising-tensions-with-us-japan/2013/03/14/a0fbd546-8bd2-11e2-9f54-f3fdd70acad2\\_story.html](http://www.washingtonpost.com/world/asia_pacific/chinas-new-foreign-team-will-reflect-rising-tensions-with-us-japan/2013/03/14/a0fbd546-8bd2-11e2-9f54-f3fdd70acad2_story.html).

<sup>6</sup> Robert D. Kaplan, *The Revenge of Geography* (New York: Random House, 2012), 189.

<sup>7</sup> Vaudine England, “Why Are South China Sea Tensions Rising?,” BBC News, September 2, 2010, <http://www.bbc.co.uk/news/world-asia-pacific-11152948>.

<sup>8</sup> Daniel Ten Kate and Nicole Gaouette, “Clinton Signals U.S. Role in China Territorial Disputes After ASEAN Talks,” Bloomberg, July 23, 2010, <http://www.bloomberg.com/news/2010-07-23/u-s-says-settling-south-china-sea-disputes-leading-diplomatic-priority-.html>.

<sup>9</sup> See Michael Auslin, “Don’t Forget About the East China Sea,” CNAS East and South China Seas Bulletin #2 (May 3, 2012).

<sup>10</sup> See James R. Holmes, “A Competitive Turn: How Increased Chinese Maritime Actions Complicate U.S. Partnerships,” CNAS East and South China Seas Bulletin #7 (December 14, 2012) and Patrick M. Cronin, “Contested Waters: Managing Disputes in the East and South China Seas,” CNAS East and South China Seas Bulletin #6 (December 14, 2012).

<sup>11</sup> See Floyd Whaley, “Taiwan Demands Apology from Philippines for Fisherman’s Killing,” *The New York Times*, May 20, 2013, [http://www.nytimes.com/2013/05/11/world/asia/taiwan-demands-apology-from-philippines-for-fishermans-killing.html?\\_r=1&](http://www.nytimes.com/2013/05/11/world/asia/taiwan-demands-apology-from-philippines-for-fishermans-killing.html?_r=1&).

<sup>12</sup> Jim Gomez, “Philippines Protests Chinese Warship’s Presence,” *San Jose Mercury News*, May 21, 2013, [http://www.mercurynews.com/breaking-news/ci\\_23288522/philippines-protests-china-warships-presence](http://www.mercurynews.com/breaking-news/ci_23288522/philippines-protests-china-warships-presence).

<sup>13</sup> See Toko Sekiguchi and George Nishiyama, “Abe Vows to Protect Japan’s Territorial Claims,” *The Wall Street Journal*, February 28, 2013, <http://online.wsj.com/article/SB10001424127887324662404578331380644366320.html>.

<sup>14</sup> Cheng Guangjin and Wu Jiao, “Sovereign waters are not in question,” *China Daily*, July 31, 2010, [http://www.chinadaily.com.cn/china/2010-07/31/content\\_11075972.htm](http://www.chinadaily.com.cn/china/2010-07/31/content_11075972.htm).

<sup>15</sup> Jane Perlez, “China Accuses Japan of Stealing After Purchase of Group of Disputed Islands,” *The New York Times*, September 11, 2012, <http://www.nytimes.com/2012/09/12/world/asia/china-accuses-japan-of-stealing-disputed-islands.html>.

<sup>16</sup> For background on Chinese assertiveness see, Zachary M. Hosford and Ely Ratner, “The Challenge of Chinese Revisionism,” CNAS East and South China Seas Bulletin #8 (February 1, 2013).

<sup>17</sup> “Chinese Officials Admit to MSDF Radar Lock On Allegations,” *Kyodo News*, March 18, 2013, <http://www.japantimes.co.jp/news/2013/03/18/national/chinese-officials-admit-to-msdf-radar-lock-allegations/#.UUcrNqycR7Q>.

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- <sup>18</sup> James R. Holmes, "Can China 'Win' Without Fighting?," *The Diplomat*, October 25, 2012, <http://thediplomat.com/the-naval-diplomat/2012/10/25/can-china-win-without-fighting/?print=yes>.
- <sup>19</sup> Further global fragmentation is a major theme in National Intelligence Council, *Global Trends 2030: Alternative Worlds* (December 2012), <http://www.acus.org/files/global-trends-2030-nic-lo.pdf>.
- <sup>20</sup> See Ian Storey, "Slipping Away? A South China Sea Code of Conduct Eludes Diplomacy," CNAS East and South China Seas Bulletin #11 (March 15, 2013).
- <sup>21</sup> The nine-dashed line, which originally included 11 lines before a 1950s agreement with Vietnam covering the Gulf of Tonkin, was inherited from the former Nationalist Government of China and the claim is thus also made by Taiwan today. See Peter J. Brown, "Calculated Ambiguity in the South China Sea," *Asia Times*, December 8, 2009, <http://www.atimes.com/atimes/Southeast Asia/KL08Ae01.html>.
- <sup>22</sup> ASEAN countries seek leverage against China through multilateral cooperation and China prefers bilateral negotiation over areas of dispute. For instance, see Ian Storey, "China's Bilateral and Multilateral Diplomacy in the South China Sea," in *Cooperation from Strength: The United States, China and the South China Sea*, Patrick M. Cronin, ed. (Washington, D.C.: Center for a New American Security, January 2012), pp. 53-66.
- <sup>23</sup> See Bernard H. Oxman, "The Territorial Temptation: A Siren Song At Sea," *The American Journal of International Law*, Volume 100, p. 830-851, [www.asil.org/pdfs/oxman\\_territorialtempt.pdf](http://www.asil.org/pdfs/oxman_territorialtempt.pdf).
- <sup>24</sup> For more on the legal dispute between China and the Philippines, see Peter A. Dutton, "The Sino-Philippine Maritime Row: International Arbitration and the South China Sea," East and South China Seas Bulletin 10 (Center for a New American Security, March 15, 2013).
- <sup>25</sup> See Peter Dutton, "The Sino-Philippine Maritime Row: International Arbitration and the South China Sea," CNAS East and South China Seas Bulletin #10 (March 15, 2013).
- <sup>26</sup> One notable exception occurs when a country has been invaded, as when Iraq invaded Kuwait in 1990.
- <sup>27</sup> Gordon Adams and Matthew Leatherman, "Five Myths About Defense Spending," *The Washington Post*, January 14, 2013, <http://www.washingtonpost.com/wp-dyn/content/article/2011/01/14/AR2011011406194.html>.
- <sup>28</sup> Ashton B. Carter, "The Rise of Asia and New Geopolitics in the Asia-Pacific Region," Remarks, Jakarta, Indonesia, March 20, 2013, <http://www.defense.gov/speeches/speech.aspx?speechid=1761>.
- <sup>29</sup> For a discussion of recent Chinese actions and aims, see Oriana Skylar Mastro, "The Sansha Garrison: China's Deliberate Escalation in the South China Sea," CNAS East and South China Seas Bulletin #5 (September 5, 2012).
- <sup>30</sup> *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, 2013* (Washington, D.C.: Office of the Secretary of Defense, May 2013).
- <sup>31</sup> For instance, these ideas were at the center of discussion during a recent two-day conference on the South China Sea with leading Americans, including former Ambassadors Stapleton Roy and Christopher Hill, as well as this author. See "South China Sea: Central to Asia-Pacific Peace and Security," co-sponsored by the Asia Society New York and the Lee Kuan Yew School of Public Policy in Singapore, conducted in New York on March 13-15, 2013, <http://asiasociety.org/new-york/south-china-sea-central-asia-pacific-peace-and-security>.