

The South China Sea: Oil, Maritime Claims, and U.S.–China Strategic Rivalry

The risk of conflict escalating from relatively minor events has increased in the South China Sea over the past two years with disputes now less open to negotiation or resolution. Originally, the disputes arose after World War II when the littoral states—China and three countries of the Association of Southeast Asian Nations (ASEAN), Indonesia, Malaysia and the Philippines, as well as Vietnam which joined later—scrambled to occupy the islands there. Had the issue remained strictly a territorial one, it could have been resolved through Chinese efforts to reach out to ASEAN and forge stronger ties with the region.

Around the 1990s, access to the sea's oil and gas reserves as well as fishing and ocean resources began to complicate the claims. As global energy demand has risen, claimants have devised plans to exploit the sea's hydrocarbon reserves with disputes not surprisingly ensuing, particularly between China and Vietnam. Nevertheless, these energy disputes need not result in conflict, as they have been and could continue to be managed through joint or multilateral development regimes, for which there are various precedents although none as complicated as the South China Sea.

Now, however, the issue has gone beyond territorial claims and access to energy resources, as the South China Sea has become a focal point for U.S.–China rivalry in the Western Pacific. Since around 2010, the sea has started to become linked with wider strategic issues relating to China's naval

Leszek Buszynski is a Visiting Fellow at the Strategic and Defence Studies Centre at the Australian National University. He may be reached at Leszekbuszynski@yahoo.co.uk.

Copyright © 2012 Center for Strategic and International Studies
The Washington Quarterly • 35:2 pp. 139–156
<http://dx.doi.org/10.1080/0163660X.2012.666495>

The risk of conflict escalating has increased in the South China Sea over the past two years.

strategy and America's forward presence in the area. This makes the dispute dangerous and a reason for concern, particularly as the United States has reaffirmed its interest in the Asia Pacific and strengthened security relations with the ASEAN claimants in the dispute.

Territorial Origins

China and Vietnam claim the entire area of the South China Sea and the islands within it while Malaysia, the Philippines, Indonesia, and Brunei have laid claims to contiguous areas. Two principles govern the claims, both of which work against the Chinese claim to the entire area. One is "effective occupation," a precedent established by the Permanent Court of Arbitration in the *Island of Palmas* case in April 1928.¹ Effective occupation entails an ability and intention to exercise continuous and uninterrupted jurisdiction, which is distinguished from conquest. Though China has occupied the Paracel Islands—an archipelago of around 30 islands about equidistant from the Chinese and Vietnamese coasts—the doctrine of effective occupation goes against China in the Spratly Islands—an archipelago off the coasts of the Philippines and Malaysia—where, except for nine islands it occupied from 1988–1992, the islands are occupied by the ASEAN claimants.

The second principle is the United Nations Convention on the Law of the Sea (UNCLOS), which lays down the rules to decide claims to resources based on exclusive economic zones (EEZs) and continental shelves (an EEZ is a maritime zone stretching up to 320 kilometers from the coast that supports the coastal state's claims to the resources there). UNCLOS does not support claims that go beyond EEZs or declared continental shelves, yet China's claim goes well beyond its EEZ and overlaps with the legal claims of the ASEAN states.

China's claim is based on history, but such claims do not carry much weight in international law, which from the Chinese perspective downgrades China's ancestral heritage and is a source of resentment. China's attitude is that its claim predates UNCLOS (which was agreed to in 1982 and came into force in 1994 after the 60th state ratified it) and that it should be adjusted to accommodate historical rights. To assert those claims in a situation where the complexity of international law may not support them, the Chinese have resorted to constant diplomatic pressure to either revise international law or gain a special exception to it, where China's ancestral claims would be recognized by all.

Oil, Energy, and Fisheries

As a territorial dispute, the South China Sea could have continued as a stalemate without any pressing need for a resolution. The existence of energy reserves in the area, however, prevents such a solution. With global energy demand rising, major consumers such as China are seeking new

sources to satisfy their expanding economies. In 2009, China became the second largest consumer of oil after the United States, and its consumption is likely to double by 2030, which would make it the world's largest oil consumer. In 2010, it imported 52 percent of its oil from the Middle East, and Saudi Arabia and Angola together accounted for 66 percent of its oil imports. China has been diversifying its energy supplies to reduce this dependence upon imported oil and has sought to increase offshore production around the Pearl River basin and the South China Sea.²

Historical claims do not carry much weight in international law, which China resents.

Competing Energy Claims

Vietnam is the major oil producer in the area, with the state-owned oil company PetroVietnam producing 24.4 million tons, or 26 percent of Vietnam's total production, in 2010 from three fields in the South China Sea.³ With production in established fields declining, PetroVietnam has concluded 60 oil and gas exploration and production contracts with various foreign companies in an effort to exploit new ones. Nevertheless, these new fields are not expected to compensate for the loss.⁴ As Vietnam attempts to exploit new fields, there is the possibility of renewed clashes with China, which has consistently opposed Vietnam's attempts to conclude exploration agreements with international oil companies in the South China Sea.

China has complained that the ASEAN claimants have intruded into its waters and that it is within China's rights to enforce its claim against them. On May 26, 2011, for example, two Chinese maritime surveillance vessels cut off the exploration cables of a Vietnamese oil survey ship searching for oil and gas deposits in Vietnam's EEZ some 120 kilometers off the southern Vietnamese coast. The Vietnamese Foreign Ministry released videos of a Chinese vessel actually breaking the cable attached to the Vietnamese vessel, *Binh Minh*.⁵ Jiang Yu, a Chinese Foreign Ministry spokeswoman, declared that the Chinese vessels had engaged in "completely normal marine enforcement and surveillance activities in China's jurisdictional area."⁶ On June 9, a Chinese fishing boat similarly rammed the survey cables of another Vietnamese survey vessel.

The Philippines also has had problems with China. Manila has attempted to boost self-sufficiency in oil production, and set a target of 60 percent by 2011,

which it is unlikely to have met. It intends to offer 15 exploration contracts over the next few years for offshore exploration off Palawan Island in an area claimed by China.⁷ In 2011, the Philippines reported seven incidents involving Chinese harassment. In one case, on March 2, two Chinese patrol boats harassed an oil exploration ship in the Philippine claim zone 250 kilometers west of Palawan. They left the area after the Philippine Air Force was scrambled. On April 5, Manila lodged a formal protest at the United Nations and sought ASEAN support in forging a common position over the issue.⁸ The Chinese responded a few days later, formally accusing the Philippines of “invading” its waters.⁹ After China deployed a 3,000-ton maritime patrol ship, the *Haixun-31*, with a helicopter to the area, the Philippines in June dispatched a World War II-vintage naval vessel, the *Rajah Humabon*, to its claim zone.¹⁰ The vessel removed markers placed by the Chinese on various features in the Philippine claim zone.¹¹ Also in June, the Philippine president’s office announced it was renaming the South China Sea as the “west Philippine Sea” and declared a naval expansion program, which would boost its limited naval presence in the area.¹²

Despite Chinese objections, both Vietnam and the Philippines plan to go ahead with gas exploration projects involving foreign companies. PetroVietnam will work with Talisman Energy and will begin drilling in an area that China awarded to Crestone Corporation in 1992, which is now operated by Harvest Natural Resources. ExxonMobil also plans exploratory drilling off Vietnam, while the Philippines intends to drill in the field where Chinese vessels harassed its survey vessel in March 2011.¹³

India’s involvement will make the situation in the South China Sea more difficult.

Meanwhile, India has become involved as an external player, which complicates the situation. China may have leverage over the ASEAN claimants because of its size and proximity, but India has the status and power to resist China. India, moreover, harbors resentment against China for its support of Pakistan and its claims along the countries’ common border that will make it more difficult for the Chinese to manage. India’s

ties with Vietnam date back to the time of Indira Gandhi, whose government recognized the Vietnamese-sponsored government in Cambodia in 1984. Many in India regard Vietnam as an ally against China.

The Indian naval vessel the *INS Airavat*, which was moving toward Nha Trang in southern Vietnam on July 22, 2011, was warned by a Chinese radio message to keep out of “Chinese waters.” The Indian Foreign Ministry responded that “India supports freedom of navigation in international waters, including in the South China Sea, and the right of passage in accordance with accepted

principles of international law.”¹⁴ Meanwhile, China has protested against the exploration activities of India’s Oil and Natural Gas Corp (ONGC) around the Paracel Islands, about which the Chinese are particularly sensitive. ONGC takes the view that Vietnamese claims are in accordance with international law, and it will continue with exploration projects in two blocks near the Paracel Islands.¹⁵

Subsequently, while Vietnamese President Truong Tan Sang was visiting New Delhi, a three-year agreement for cooperation in oil and gas exploration and production was concluded between ONGC and PetroVietnam on October 12, 2011 despite Chinese opposition.¹⁶ Significantly, this agreement was concluded while the Vietnamese Communist Party’s general secretary, Nguyen Phu Trong, was touring Beijing and professing friendship with the Chinese.¹⁷ Vietnam was resorting to its traditional way of dealing with China—stressing commonalities and friendship, which was the job of the party general secretary, while seeking an effective counterbalance in India. Indeed, India’s involvement in the area and its developing ties with Vietnam will make the situation in the South China Sea more difficult. More incidents can be expected as China draws the line against its Asian great power rival.

Fights over Fish

As if energy disputes weren’t enough, rivalries over the fishing and ocean resources of the South China Sea also contribute to rising tensions. In the past, fishing vessels regularly moved in and out of overlapping claims zones, but the increased frequency of such incidents has raised concerns. The Vietnamese claim that 63 fishing boats with 725 crew members have been seized by the Chinese since 2005 in the South China Sea;¹⁸ they are then required to pay exorbitant fines for their release. In one incident that generated much publicity in Vietnam, a Chinese patrol vessel seized a Vietnamese fishing boat and its 12-man crew around the Paracels in March 2010.¹⁹ This was not the first time China had done this, and Vietnam’s Ministry of Foreign Affairs protested vociferously—it was a case of enough is enough.

China has imposed an annual fishing ban in the South China Sea, which it regards as a preserve for its own fishing fleet. Beijing first declared such a ban in 1999 from June to July annually, and in 2009 extended it to May 16 to August 1 every year. The extent of the ban was kept vague, though it covered an area around the Paracels but not as far south as the Spratlys.²⁰ Vietnam has vociferously protested as the ban affects the livelihood of its fishermen. To enforce the ban and protect its own fishing vessels, China has dispatched what it

The South China Sea is being integrated into China’s strategic rivalry with the U.S.

claims are “fishery patrol” vessels, but which are actually converted naval vessels. China has announced plans to boost the strength of its maritime surveillance forces to 16 aircraft and 350 vessels by 2015, which will be used to monitor shipping, carry out surveying duties, “protect maritime security,” and inspect foreign vessels operating in “Chinese waters.”²¹

Another problem is that Vietnamese vessels intrude into the areas claimed by the other ASEAN countries as well. Two Vietnamese vessels with Indonesian names were seized by Indonesian patrol boats in February 2011 near the Natuna Islands.²² The Indonesians claim that in 2009 some 180 vessels (not all were from Vietnam—some, for instance, came from Malaysia) were caught for illegal fishing in their waters.²³ As demand rises and stocks are depleted, fishing disputes are likely to increase in the South China Sea, particularly as the claimants upgrade their navies and coast guards.

Great Power Contest

Energy and fishing are not the only factors in this dispute. The South China Sea is being integrated into the field of China’s strategic rivalry with the United States as China develops an extended naval strategy and deploys new naval capabilities. ASEAN has assumed that the extensive Chinese claim to the whole area was negotiable, that China would settle for a favorable regional agreement in which territorial claims would be adjusted, and that oil and gas reserves as well as fisheries would be shared. Upon this basis, ASEAN has engaged China in regular dialogue hoping that its leaders could be convinced of the value of a regime of norms which would govern behavior in the South China Sea. ASEAN was habitually careful to avoid in any way provoking China expecting that China would in time reciprocate, and that the ASEAN way of encouraging agreement by consensus would in time be embraced by Beijing.

Had the issue involved only competing claims to energy and fisheries, an agreement which would specify the rules of interaction and dispute management (otherwise called a maritime regime) might have been possible in the way that ASEAN policymakers have argued. Strategic rivalry with the United States, however, reshapes the dispute in a way that reduces the role of ASEAN and its ability to negotiate a resolution of the issue with China. It makes China unresponsive to ASEAN apprehensions and more concerned about U.S. moves outside the area and U.S. naval activity. It imparts a particular assertiveness to Chinese behavior as greater control over the South China Sea is a necessary accompaniment to its extended naval strategy and deployments.

Chinese naval strategy has been many years in the making since Chief of the Navy Liu Huaqing (1982–1988) first called for an ocean-going navy to protect China’s maritime interests. Over the past two decades, China has been steadily

developing naval power, which it has regarded as a necessary attribute of great power status. As China rises in economic power, its maritime interests similarly expand (and with it its naval power), bringing it into conflict with the dominant naval power in the Western Pacific—the United States.

Chinese Naval Expansion

China's naval strategy has three missions that have guided the development of its naval capabilities. The first is to prevent Taiwan from declaring independence while deterring the United States from supporting it with naval deployments in the event of a conflict. This mission became a salient feature of China's naval strategy after the United States deployed two aircraft carriers during the Taiwan crisis of 1995–1996—the *Nimitz* in December 1995 and the *Independence* in March 1996—in a demonstration of naval power that the Chinese have not forgotten. The second mission is to protect China's extended trade routes and energy supplies that run through the Indian Ocean and the Strait of Malacca, through which an estimated 80 percent of its oil imports are shipped.²⁴ This mission became important after China became a net importer of oil in 1993 and when, in the late 1990s, Beijing realized how dependent its economy had become on oil imports. The third mission is to deploy a sea-based second-strike nuclear capability in the Western Pacific, which was another result of the Taiwan crisis of 1995–1996. Beijing understood that this capability would serve as an ultimate deterrent against the United States, in this and other crises.

To undertake these missions, China has developed or deployed four new classes of submarines and six new classes of destroyers over the past two decades. China has set itself the goal of developing an ocean-going navy, and as Navy Chief Admiral Wu Shengli declared in April 2009, China would establish a “maritime defense system” to protect its “maritime security and economic development.”²⁵ An ocean-going navy requires aircraft carriers, and China's first carrier, the *Shi Lang*, which is a reconstruction of the 32,000-ton Soviet carrier *Varyag*, underwent sea trials from August 10–14, 2011. It is expected to enter service in 2012 and will carry 48 *Su-33* maritime fighters and the *Jian-10* Chinese fighter adapted for carrier operations. China is expected to construct a 50,000–60,000 ton carrier by 2015 and a nuclear powered carrier by 2020.²⁶ Carriers require escorts to provide air defenses and protection against submarine attack, which indicates that a major expansion of naval capabilities is planned.

In terms of sea-based nuclear forces, China has four ballistic missile-carrying submarines, or SSBNs. China's first SSBN was the now outdated *Xia*, which was completed in 1981 and carries 12 JL-1 ballistic missiles (SLBMs) with a range up to 2,700 kilometers, insufficient to strike the mainland United States. Two of the more modern and reliable *Jin*-class SSBNs have been deployed since 2004—they each carry 12 of the JL-2 SLBMs with a range up to 8,400 kilometers, giving it an

intercontinental capability. China is expected to deploy at least five of the *Jin* class in future years.²⁷

China requires sanctuaries for its naval platforms to protect them against sea and air attack.²⁸ Carriers and SSBNs also require access to the open seas to fulfill their mission; without it, they can be confined to a limited area and rendered virtually useless. Only a few places along China's coastline can provide sanctuaries for its navy, where defenses can be organized and which can also provide access to the open sea. One is in the Yellow Sea, where a submarine base is located at Xiaopingdao near Dalian. The other logical place is the Hainan area and the semi-enclosed area of the northern South China Sea, which has the advantage of proximity to the Strait of Malacca and the sea lanes reaching the Indian Ocean. Anything farther north would become vulnerable to U.S. interdiction from the open sea.

For this reason, China has been constructing an underground base in Sanya on Hainan Island, which would house not only SSBNs but also aircraft carriers and their escort vessels when they are deployed.²⁹ In 2008, one *Jin* SSBN was deployed there, and in October 2010 two *Shang* nuclear submarines docked in Sanya.³⁰ The aircraft carrier *Shi Lang* is likely to be based there as well. As Hainan develops as a naval base, the Paracel Islands to the south assume an important role in providing air cover and sea protection for Hainan. This explains Chinese sensitivity to U.S. surveillance vessels and why five Chinese naval vessels confronted the USNS *Impeccable* when it ventured to within 121 kilometers of Hainan on March 9, 2009.³¹

The protection of Hainan is one thing, but assured access to the open sea for carriers and SSBNs is another. For this, China requires control over the Spratlys, or at least the ability to prevent external powers from interfering with China's naval movements in an area that would extend to the Strait of Malacca. Former Deputy Chief of the PLA General Zhang Li in 2009 called for an airport and seaport on Mischief Reef in the Philippine claim zone in the Spratlys, which is currently occupied by China. The intention was to conduct air patrols over the area, to support Chinese fishing vessels, and to demonstrate China's sovereignty over the South China Sea.³²

It was Liu Huaqing who developed the concept of zonal defense for China that would provide protective maritime space for the navy's expansion. Liu learned about zonal defense from Sergei Gorshkov—subsequently Soviet naval chief—who was his instructor at the Soviet Naval Academy where he studied in the 1950s. Under Liu, Chinese naval strategy shifted from offshore or coastal defense to “near seas defense,” which covers an area up to the “first island chain.” This stretches from Japan to the Ryukyu Islands to the Philippines and to the South China Sea; a second island chain is farther out into the Pacific and stretches from Japan to include Guam.³³ Since its formulation two decades ago,

the island chain concept continues to shape Chinese naval thinking as a way of identifying and demarcating zones of interest.³⁴ The first island chain concept includes Taiwan as a key focal point and the maritime space around it, which would allow a submarine blockade in the event that Taiwan declared independence from the mainland. It also includes sea territory sufficient for the regular patrols of the SSBNs and for their deployment in mid-ocean launching sites.³⁵



Source: Globalsecurity.org

As a concept of zonal defense, it includes the Yellow and South China seas as safe sanctuaries for basing naval platforms as well as their safe passage to the open sea. Zonal defense, however, demands that the U.S. Navy be kept at bay and at a sufficient distance so it would not interfere with Chinese naval deployments in the area. To this end, China has developed the DF-21D that has been described as an Anti-Ship Ballistic Missile (ASBM) with the ability to target U.S. carriers and larger surface vessels.³⁶ U.S. Admiral Robert F. Willard, commander of U.S. Pacific Command, said that in combination with China's submarines, this missile could pose a serious threat to the U.S. Navy, and may even "neutralize" its power projection capability.³⁷ The U.S. Defense Department claims that with effective geo-location and tracking of targets, the missile would put at risk U.S. naval vessels within its 1,500–2,100 kilometer range.³⁸

In line with these concepts of zonal defense, the Chinese have expected U.S. recognition of separate spheres of influence in the Western Pacific, with Taiwan and the South China Sea securely within the Chinese sphere. From the Chinese perspective, the U.S. naval presence in the Western Pacific prevents the reunification of Taiwan with the mainland and emboldens the ASEAN claimants in the South China Sea to oppose Chinese claims. If agreement

could be reached in this way with an economically-weakened United States, China would indeed become the dominant power in the Western Pacific.

The U.S. Reaction

The idea of accommodating a rising power and defusing the resentments that give rise to conflict has attracted attention in the discussions about hegemonic transition and creating a concert of powers for Asia. The Chinese idea of spheres of influence, however, goes beyond the limits of accommodation, which is why the Obama administration has rejected it. America's commitments and interests in the Western Pacific go beyond such divisions, any acceptance of which would undermine the alliances with Japan and South Korea. U.S. strategy in the Asia Pacific would unravel, and the United States would be consigned to an offshore position with little corresponding influence in the region. To avoid this prospect, the Obama administration has countered Chinese pressure in the Western Pacific by clearly signaling its interest in the South China Sea and strengthening security relationships with allies and supporters.³⁹

Chinese interest in separate spheres of influence was seen in the preparations for the Hanoi ASEAN Regional Forum in July 2010. The Chinese embassy in Washington, expecting that the Americans would agree, requested the State Department not raise the issue of the South China Sea.⁴⁰ The United States had previously expressed little interest in the issue beyond maintaining freedom of navigation, and it seemed to the Chinese that this disinterest would continue. Secretary of State Hillary Clinton, however, made a stand at the forum to rally ASEAN claimants who had been alarmed by Chinese pressure. In a move that surprised the Chinese, she affirmed U.S. interest in the South China Sea and stressed that claimants should pursue their territorial claims in accordance with UNCLOS and land features. This challenged the Chinese claim, which is based on history and rights of first discovery rather than a legal extension of land features.⁴¹ She also supported a "collaborative diplomatic process by all claimants," while China had insisted that negotiations over the issue should be conducted bilaterally with the ASEAN claimants and that third parties should not get involved.

Since that meeting, the United States has moved to strengthen defense ties with ASEAN states that share concerns about China. On July 23, 2010, Washington terminated the ban on ties with the Indonesian Special Forces unit called *Kopassus*. This ban was introduced in 1997, prohibiting the United States from having contact with foreign military units that have a history of human rights violations.⁴² Significantly, in September 2010, Indonesian Foreign Minister Marty Natelagawa rejected China's view that the United States should not become involved in the South China Sea dispute, which was an expression of long-standing Indonesian wariness of China.⁴³

The Philippines has also moved to strengthen relations with the United States as a response to Chinese pressure, despite its troubled relationship with its former colonial master. Foreign Secretary Albert del Rosario pointed to “China’s aggressive action” and visited Washington in June 2011 to obtain assurances of U.S. support. While there, he pressed the United States to clarify its position over the Mutual Defense Treaty (MDT) of 1951.⁴⁴ Manila has insisted that the MDT covered the South China Sea, but the United States has resisted. The Americans have argued that the Philippine claim was made after the conclusion of the treaty, and that the United States was only legally committed to the defense of the Philippines as defined by the 1898 Treaty of Paris, according to which the United States obtained the Philippines from Spain. The United States did, however, offer material support, given that the Filipinos were looking to the United States to supplement their weak naval capability.⁴⁵ Del Rosario called for a lease-back system, according to which it could lease new equipment from the United States.⁴⁶ The Americans also agreed to extend intelligence sharing with the Philippines to strengthen its maritime awareness and surveillance abilities.⁴⁷

With Vietnam, U.S. ties have improved in what is now a burgeoning security relationship promoted by the militaries on both sides. The Vietnamese regard the United States as an important check upon China, but their country’s proximity to their northern giant dictates that they be cautious. Although the relationship cannot go much further beyond the constraints imposed by both Vietnamese solicitude for Chinese reactions and the U.S. Congress (which, because of the fallout from the Vietnam War, has hindered the executive’s effort to build closer relations with Vietnam), a number of notable visits have taken place, including President Bill Clinton’s well-publicized visit to Vietnam in November 2000, which was the first ever by a U.S. president to united Vietnam.⁴⁸ In August 2010, the carrier the USS *George Washington* travelled along Vietnam’s coastline and received visits from high-ranking Vietnamese military officials.⁴⁹ The U.S. Navy has sought service and re-supply facilities for its vessels in Vietnam, with three such vessels having been repaired there over the past two years, the last being the USNS *Richard E. Byrd*, serviced in Cam Ranh Bay in August 2011. On August 1, 2011, the United States and Vietnam concluded what was lauded as their first military agreement since the Vietnam War; though it was limited to cooperation in health and research collaboration in military medicine, it is likely to open the door to other and wider agreements.⁵⁰

President Obama has since stressed the importance of the Asia–Pacific region and countered speculation that the United States might reduce its role there as it adjusts to China’s rise. In a visit to Australia in November 2011, he announced that the United States would deploy 2,500 Marines in Australia’s north on a rotational basis; he also revealed that U.S. naval vessels and aircraft would

Since July 2010, the Hu Jintao leadership has attempted to defuse South China Sea tensions.

increase their use of Australian bases.⁵¹ Australia's proximity to the South China Sea and surrounding areas and its status as a reliable ally with a stable government make it an attractive option for the United States, which has been searching for positions from which forces may be surged forward into conflict zones in the Western Pacific. In a speech to the ASEAN summit in the same month, Obama announced that the United

States was returning in strength to the region as it reduces its involvement in Iraq and Afghanistan.⁵² As the United States strengthens its role in the region, ASEAN claimants would become more emboldened to resist Chinese pressure, which has increased over the past two years. If these trends continue, the region would become polarized between the United States and China, and tensions would increase particularly in the South China Sea.

China's Assurances

Aware that events have moved against China since at least the July 2010 ASEAN Regional Forum, the Hu Jintao leadership has attempted to defuse tensions over the South China Sea. The aggressive posture adopted by some Chinese military representatives and the all-too-forceful push for a sphere of influence in the Western Pacific has threatened a backlash against China and may be pushing ASEAN even closer to the United States.

In the meantime, Hu Jintao's foreign policy coordinator, State Councilor (and de facto national security advisor) Dai Bingguo, has moved to control the situation and prevent Chinese policy from being hijacked by that increasingly evident aggressive nationalism in China. In a speech at the ASEAN secretariat in Jakarta on January 22, 2010, Dai declared that China was not seeking "hegemony," that it did not want to "eject the U.S. from Asia," and that the South China Sea would be left for future generations to resolve.⁵³ In an article in the *Wall Street Journal*, Dai told his U.S. audience that "China has never thought of vying for leading position [sic] in the world," that China has cooperated with the United States over various trouble spots, and is a "partner the United States can count on."⁵⁴

China has also moved to dampen tensions with Vietnam, its main competitor and rival in the South China Sea. Dai visited Hanoi from September 5–9, 2011 for the fifth meeting of the China–Vietnam Steering Committee on Cooperation. While there, he issued a statement that "both sides agreed to boost coordination in regional affairs and to promote China–ASEAN relations.

Both sides also agreed to properly handle their dispute over the South China Sea through deep consultation to maintain friendly relations of the two countries.”⁵⁵ Soon after, Wu Bangguo, chairman of the standing committee of China’s National Peoples’ Congress, met Vietnamese general secretary Nguyen Phu Trong in Beijing and declared that China wanted to strengthen political trust with Vietnam and resolve existing problems in bilateral relations.⁵⁶ On October 15, both China and Vietnam agreed to strengthen military cooperation by increasing contacts between high-ranking officers and establishing a hotline between their respective defense ministries. They also agreed to joint patrols along their land border and the Gulf of Tonkin, to increase mutual visits by naval vessels, and to discuss the joint development of the sea area.⁵⁷ In Vietnam, anti-China rallies had been taking place in Hanoi and Ho Chi Minh City since June 2011, but by October the protesters were rounded up and the demonstrations terminated.⁵⁸

A nationalistic military might force a more hardline posture on the South China Sea this summer.

The Future

What was once a maritime territorial dispute involving China, Vietnam, and the other littoral ASEAN states has become something more disturbing for the peace and stability of the Western Pacific. China has been the only claimant to resort to force in the dispute—when it removed South Vietnam from the Western Paracels in January 1974 and when its naval vessels sunk three Vietnamese ships in 1988. These clashes were contained because they did not involve the external great powers; though ASEAN was alarmed by the 1988 clash, it did not concern the United States. When the ASEAN claimants engaged in energy exploration in the 1990s, there were various incidents that involved China, and several between the ASEAN countries themselves, but there was little danger of outright conflict. That time has now passed as naval expansion programs make the South China Sea area more important to China. The Chinese Navy requires safe bases in Hainan, which can be defended against submarine and air attack, and secure access through the South China Sea to the open sea beyond, to fulfill the missions it has assigned itself. For these reasons, China is compelled to seek greater control over the area and to keep the U.S. Navy at a safe distance. China’s assertiveness over the issue has already prompted the ASEAN claimants to draw in the United States and to engage in their own naval modernization programs. For instance, Vietnam has purchased from Russia six *Kilo* class submarines and eight Su-30MK2V multi-role fighters, and

The Obama administration has little choice but to assert its interest in the South China Sea.

Indonesia has contracted to purchase three submarines from South Korea. Hu Jintao's dispatch of Dai Bingguo to Vietnam in an effort to calm the troubled waters indicated that China recognized the risk in these trends.

The Hu Jintao leadership's move to reduce tensions was indeed welcomed by many, but the days when Mao or Zhou Enlai could assert control over Chinese policy simply by decree

are long since gone. Chinese decisionmaking has become much more complicated, as power has become more diffuse and less open to direct intervention from the top. China may issue declarations of friendship with the outside world, but its naval capabilities continue to expand according to schedules spanning decades. These schedules then develop a life of their own as budgets are committed and national ambitions are aroused. They accumulate powerful institutional stakeholders in the PLA and the security establishment, which see them as a means to realize their own frustrated ambitions and to restore China to her greatness. When the aircraft carriers come online with their escorts and more *Jin*-class SSBNs and nuclear attack submarines are deployed, the pressure upon ASEAN claimants in the South China Sea will be heightened and rivalry with the United States will increase.

The United States could face the prospect of exclusion from the Western Pacific, which is why the Obama administration has little choice but to assert its interest in the South China Sea. In the worst case scenario, Chinese naval strategy would dictate Beijing's policy over the South China Sea, and China would then stumble down the road to confrontation with the United States and the region. Indeed, there is the danger that a nationalistic military could challenge the party leadership during the transition from the Hu Jintao administration this summer and force a more hardline posture on issues like the South China Sea.

This dismal scenario need not be inevitable, as China's political leadership is strongly interventionist and would be likely to act to avert this outcome. If the political leadership curbs China's assertiveness in the South China Sea, if it suppresses the demand for exclusive control over all of the area, if it upholds freedom of navigation for others as well as itself, and if the new leadership implements Dai Bingguo's assurances that the South China Sea issue will indeed be left to future generations to resolve, Beijing could make Chinese naval deployments more acceptable to the region. In this way, China would also avoid directly challenging the United States.

Notes

1. On the legality of the claims, see Mark J. Valencia, Jon M. Van Dyke, and Noel A. Ludwig, *Sharing the Resources of the South China Sea* (University of Hawaii Press, 1999), pp. 39-59; and R. Haller-Trost, *The Spratly Islands: A Study on the Limitations of International Law*, Centre of South-East Asian Studies, University of Kent at Canterbury, Occasional Paper No. 14, October 1990.
2. U.S. Energy Information Administration, "China," May 2011, <http://205.254.135.7/countries/cab.cfm?fips=CH>; and "BP Energy Outlook 2030," January 2011, http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/2030_energy_outlook_booklet.pdf.
3. "Vietnam: Vietsovpetro finds more oil at Bach Ho field offshore Vietnam," Energy-Pedia News, June 29, 2011, <http://www.energy-pedia.com/news/vietnam/vietsovpetro-finds-more-oil-at-bach-ho-field-offshore-vietnam>.
4. "Vietnam Market for Oil and Gas Machinery and Services," U.S. Commercial Service-Vietnam, March 2011, http://export.gov/vietnam/static/BP-Oil%20and%20Gas%20Machinery%20and%20Services_Latest_eg_vn_030123.pdf.
5. Alex Watts, "Tensions rise as Vietnam accuses China of sabotage," *The Sydney Morning Herald*, June 2, 2011, <http://www.smh.com.au/world/tensions-rise-as-vietnam-accuses-china-of-sabotage-20110601-1fgno.html>.
6. "China reprimands Vietnam over offshore oil exploration," *Reuters*, May 28, 2011, <http://af.reuters.com/article/energyOilNews/idAFL3E7GS07E20110528>.
7. "Philippines to seek more oil in West Philippine Sea," *Agence France-Presse*, June 29, 2011, <http://globalnation.inquirer.net/5034/philippines-to-seek-more-oil-in-west-philippine-sea>.
8. "Philippines protests China's Spratly claim at UN," *Agence France-Presse*, April 14, 2011, <http://globalnation.inquirer.net/news/breakingnews/view/20110414-331090/Philippines-protests-Chinas-Spratly-claim-at-UN>.
9. Teresa Cerojano, "Beijing counters Manila's UN protest, says Philippines 'started to invade' Spratlys in 1970s," *Associated Press*, April 19, 2011, <http://arabnews.com/world/article366262.ece>.
10. TJ Burgonio, "Navy flagship to patrol PH waters only, says Palace," *Philippine Daily Inquirer*, June 21, 2011, <http://newsinfo.inquirer.net/16678/navy-flagship-to-patrol-ph-waters-only-says-palace>.
11. "Philippines pulls markers from disputed waters," [channelnewsasia.com](http://www.channelnewsasia.com), June 15, 2011, http://www.channelnewsasia.com/stories/afp_asiapacific/view/1135238/1.html.
12. "Philippines to boost Spratly patrols," [channelnewsasia.com](http://www.channelnewsasia.com), April 15, 2011, http://www.channelnewsasia.com/stories/afp_asiapacific/view/1122961/1.html.
13. Daniel Ten Kate, "South China Sea Oil Rush Risks Clashes as U.S. Emboldens Vietnam on Claims," *Bloomberg*, May 27, 2011, <http://www.bloomberg.com/news/2011-05-26/s-china-sea-oil-rush-risks-clashes-as-u-s-emboldens-vietnam.html>.
14. Indrani Bagchi, "China harasses Indian naval ship on South China Sea," *Times of India*, September 2, 2011, http://articles.timesofindia.indiatimes.com/2011-09-02/india/30105514_1_south-china-sea-spratly-ins-airavat.
15. Ananth Krishnan, "South China Sea projects an infringement on sovereignty, says China," *The Hindu*, September 19, 2011, <http://www.thehindu.com/news/international/article2468317.ece?css=print>.

16. "India, Vietnam sign oil exploration agreement, ignoring China's objections," *Associated Press*, October 12, 2011, <http://maritimesecurity.asia/free-2/south-china-sea-2/india-vietnam-sign-oil-exploration-agreement-ignoring-china%E2%80%99s-objections/>.
17. Sachin Parashar, "New Delhi tries to snap Beijing's string of pearls," *The Times of India*, October 20, 2011, http://articles.timesofindia.indiatimes.com/2011-10-20/india/30302032_1_nguyen-phu-trong-thein-sein-naypyidaw.
18. Seth Mydans, "U.S. and Vietnam Build Ties With an Eye on China," *The New York Times*, October 12, 2010, <http://www.nytimes.com/2010/10/13/world/asia/13vietnam.html>.
19. Will Clem, "Patrol boats to escort fishing vessels in disputed Spratlys," *South China Morning Post*, April 3, 2010, http://www.viet-studies.info/kinhte/patrol_boats_to_escort_fishing.htm.
20. "Unilateral fishing ban likely to fuel tension," *South China Morning Post*, May 17, 2010.
21. Wang Qian, "Maritime Forces to be Beefed up Amid Disputes," *China Daily*, June 17, 2011, http://www.chinadaily.com.cn/china/2011-06/17/content_12718632.htm.
22. "Navy arrests illegal Vietnamese fishing boats," *Antaraneews.com*, February 12, 2011, <http://www.antaraneews.com/en/news/67994/navy-arrests-illegal-vietnamese-fishing-boats>.
23. "Ten Vietnamese fishing boats caught poaching in RI waters," *Antaraneews.com*, April 23, 2010, <http://www.antaraneews.com/en/news/1272030822/ten-vietnamese-fishing-boats-caught-poaching-in-ri-waters>.
24. Office of the Secretary of Defense, "Annual Report to Congress—Military Power of the People's Republic of China 2008," http://www.mcsstw.org/www/download/China_Military_Power_Report_2008.pdf.
25. Cui Xiaohuo and Peng Kuang, "Navy chief lists key objectives," *China Daily*, April 16, 2009, http://www.chinadaily.com.cn/cndy/2009-04/16/content_7681478.htm; also see "China planning huge navy upgrade," *channelnewsasia.com*, April 16, 2009, http://www.channelnewsasia.com/stories/afp_asiapacific/view/422735/1.html.
26. Kenji Minemura, "China's 1st aircraft carrier sets sail for sea tests," *Asahi Shimbun*, August 10, 2011, <http://ajw.asahi.com/article/asia/china/AJ201108105890>; and Sam LaGrone, "China reveals aircraft carrier ambitions," *Jane's Navy International*, December 23, 2010, <http://www.janes.com/products/janes/defence-security-report.aspx?id=1065926372>.
27. On China's military capabilities, see Office of the Secretary of Defense, "Annual Report to Congress—Military and Security Developments Involving the People's Republic of China 2010," <http://www.globalsecurity.org/military/library/report/2010/2010-prc-military-power.pdf>.
28. Toshi Yoshihara and James R. Holmes, *Red Star over the Pacific: China's Rise and the Challenge to U.S. Maritime Strategy* (Naval Institute Press, 2010), pp. 141-142.
29. See Thom Shanker and Mark Mazzetti, "China and U.S. Clash on Naval Fracas," *The New York Times*, March 10, 2009, <http://www.nytimes.com/2009/03/11/world/asia/11military.html>.
30. "New attack sub docked at China's navy base in Hainan Island," *Mainichi News*, October 21, 2010, <http://www.china-defense-mashup.com/new-attack-sub-docked-at-chinas-navy-base-in-hainan-island.html>.
31. Mark Mcdonald, "U.S. navy provoked South China Sea incident, China says," *The New York Times*, March 10, 2009, <http://www.nytimes.com/2009/03/10/world/asia/10iht-navy.4.20740316.html>.

32. Nong Hong and Wenran Jiang, "China's Strategic Presence in the Southeast Asian Region," in *Maritime Capacity Building in the Asia Pacific Region*, ed. Andrew Forbes (Department of Defence, Australia, 2010), pp. 141-156.
33. Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century* (Naval Institute Press, 2nd edition, 2010), pp. 174, 177; and Yu Wanli, "The American Factor in China's Maritime Strategy," in *China, the United States, and 21st Century Sea Power*, eds. Andrew S. Erickson, Lyle J. Goldstein, and Nan Li (Naval Institute Press, 2010), p. 483.
34. Cole, p. 178.
35. Peter Howarth, *China's Rising Sea Power: the PLA Navy's Submarine Challenge* (Frank Cass, 2006), p.175.
36. See Richard Fisher, Jr., "New Chinese Missiles Target the Greater Asian Region," International Assessment and Strategy Center, July 24, 2007, http://www.strategycenter.net/research/pubID.165/pub_detail.asp; also Mark Stokes and Dan Blumenthal, "Why China's missiles should be our focus," *The Washington Post*, January 2, 2011, <http://www.washingtonpost.com/wp-dyn/content/article/2010/12/31/AR2010123102687.html>.
37. See Yoichi Kato, "China's new missile capability raises tensions," *Asahi.com*, January 27, 2011, <http://www.asahi.com/english/TKY201101260340.html>; also "Carrier killer won't stop US: admiral," *Taipei Times*, February 16, 2011, <http://www.taipeitimes.com/News/front/archives/2011/02/16/2003496000>.
38. Office of the Secretary of Defense, "Annual Report to Congress—Military Power of the People's Republic of China 2009," http://www.defense.gov/pubs/pdfs/China_Military_Power_Report_2009.pdf.
39. Mark Landler and Sewell Chan, "Taking Harder Stance Toward China, Obama Lines Up Allies," *The New York Times*, October 25, 2010, <http://www.nytimes.com/2010/10/26/world/asia/26china.html>.
40. John Pomfret, "Beijing claims 'indisputable sovereignty' over South China Sea," *The Washington Post*, July 31, 2010, <http://moralagency.wordpress.com/2010/08/01/beijing-claims-indisputable-sovereignty-over-south-china-sea/>.
41. See Li Jinming and Li Dexia, "The Dotted Line on the Chinese Map of the South China Sea: A Note," *Ocean Development & International Law* 34 (2003): pp. 287-295, <http://community.middlebury.edu/~scs/docs/Li%20and%20Li-The%20Dotted%20Line%20on%20the%20Map.pdf>.
42. Craig Whitlock, "U.S. to end ban on Indonesia's special forces, angering human rights groups," *The Washington Post*, July 23, 2010.
43. Daniel Ten Kate and Susan Li, "Indonesia Rejects China Stance that U.S. Stay Out of Local Waters Dispute," *Bloomberg*, September 22, 2010, <http://www.bloomberg.com/news/2010-09-22/indonesia-rejects-china-stance-that-u-s-stay-out-of-local-waters-dispute.html>.
44. Keith B. Richburg, William Wan, and William Branigin, "China warns U.S. in island dispute," *The Washington Post*, June 23, 2011, http://www.washingtonpost.com/world/china-warns-us-in-island-dispute/2011/06/22/AGTiVxfH_story.html.
45. Hillary Clinton, "Remarks With Philippines Foreign Secretary Albert del Rosario After Their Meeting," June 23 2011, <http://www.state.gov/secretary/rm/2011/06/166868.htm>.
46. Lachlan Carmichael and Shaun Tandon, "U.S. says it will provide hardware to Philippines," *DefenseNews*, June 23, 2011, <http://www.defensenews.com/story.php?i=6906530&c=POL&s=TOP>.
47. "US to boost Philippine intelligence, DFA says," *Agence France-Presse*, June 25, 2011, <http://globalnation.inquirer.net/4845/us-to-boost-philippine-intelligence-dfa-says>.

48. U.S. secretaries of defense have visited Vietnam as well—William Cohen in March 2000, Donald Rumsfeld in June 2006, and Robert Gates in 2010. Also, Vietnamese defense ministers have come to Washington—Pham Van Tra in 2003 and Phung Quang Thanh in December 2009.
49. Margie Mason, “Former Enemies US, Vietnam Now Military Mates,” *Associated Press*, August 8, 2010, http://www.usatoday.com/news/topstories/2010-08-07-1453818316_x.htm.
50. “U.S., Vietnam Start Military Relationship,” *DefenseNews*, August 1, 2011, <http://defensenews.com/story.php?i=7264252&c=AME&s=TOP>.
51. Ben Packham, “2500 US Marines on Australian Soil to Increase Defence Ties,” *The Australian*, November 17, 2011, <http://www.theaustralian.com.au/national-affairs/obama-in-australia/us-president-touches-down-at-fairbairn-airforce-base/story-fnb0o39u-1226197111255>.
52. See Jackie Calmes, “Obama’s Trip Emphasizes Role of Pacific Rim,” *The New York Times*, November 18, 2011, http://www.nytimes.com/2011/11/19/world/asia/obamas-trip-sends-message-to-asian-leaders.html?_r=1.
53. Dai Bingguo, “Embrace New Opportunities for China-ASEAN Cooperation,” January 22, 2010, <http://www.fmprc.gov.cn/eng/wjdt/zjyh/t653431.htm>.
54. Dai Bingguo, “China’s Peaceful Development Is Good for America,” *The Wall Street Journal*, May 10, 2011, <http://online.wsj.com/article/SB10001424052748703730804576312041320897666.html>.
55. “China, Vietnam agree to boost forward-looking bilateral relations,” *Xinhua*, September 6, 2011, http://news.xinhuanet.com/english2010/china/2011-09/06/c_131106560.htm.
56. “China vows to properly handle problems in relations with Vietnam,” *Xinhua*, October 11, 2011, http://news.xinhuanet.com/english2010/china/2011-10/11/c_131185528.htm.
57. “China and Vietnam to strengthen military ties: report,” *Reuters*, October 15, 2011, <http://www.reuters.com/article/2011/10/15/us-china-vietnam-idUSTRE79E0IR20111015>.
58. “Vietnam Halts Anti-China Protests,” *BBC News*, August 18, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-14574075>.