

Limited Conflict and Partial Control: Escalation of Conflict on the South China Sea and the Strategies of the Concerned Parties

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Abstract

This paper briefly reviews the changing situation of the South China Sea in 2014 and the first half of 2015. It analyses the behaviour and motivations of concerned parties and evaluates the effects of the strategies they have adopted. It argues that although the related parties of the South China Sea, such as China, the Philippines and Vietnam and indirectly related countries such as the US all stress the importance of maintaining peace and stability of the South China Sea, their intentions to control the situation have weakened to a certain degree. In fact, they hope for the escalation of the conflict to a limited degree rather than any reduction in the tensions, and conflict management instead of conflict resolution. Under the joint force of the policies and their implementation by different parties, the situation in the South China Sea has the potential to escalate, with the risk of igniting a more serious conflict.

Keywords: South China Sea, Limited Conflict, Policy Selection, Strategy Analysis

The situation in the South China Sea escalated in 2014 and 2015. China and Vietnam witnessed a long-term confrontation around the deployment of CNOOC No.981 oil rig,¹ while China and the Philippines confronted each other in the diplomatic field on the question of the

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maritime law enforcement around having a more serious Renai Shoal (Second Thomas Shoal). Meanwhile, China accelerated the construction of the islands and reefs under its control in the South China Sea. The US has also been fortifying its stance on the South China Sea issue by expanding its military exercises with its allies, strengthening the coordination moves and asserting its positions and presence vis-à-vis China. Besides, the interaction between the countries outside the region, such as Japan and India, and the claimant countries within the region also became intense.

Although the South China Sea issue is still at a manageable stage, the stalemate between China and the Asian Pacific security alliance system with the US as the leader, on one hand, and the US-Japan alliance as the dominant force, on the other, has increasingly crystallised. The core issue of the South China Sea disputes is the struggle between China and the US for dominance of the regional order. And the politics about the dominance of the South China Sea between different parties has been becoming clearer. From 2002, when the *Declaration on the Code of Conduct on the South China Sea* was issued, to 2012 and 2013, the period of the Huangyan Island (Scarborough Shoal) accident, the stability of the South China Sea situation remained all but fragile. Since 2014, the period of relatively managed situation basically ended, different parties began to adopt either unilateral or multilateral confrontational actions to a certain extent to maintain and uphold their respective stances, make military preparations and influence public opinion for an even more fierce game over the dominance of the regional order in future.

Directly Related Parties of the South China Sea Issue Have Been Continuously Fighting for the Control of the Disputed Islands, Reefs and Water Areas

From 2014 to 2015, the stability of the South China Sea situation became increasingly fragile as there were multiple face-offs on the sea by the concerned countries along with intense diplomatic campaigns.

Conflict between China and Vietnam over the Operation of No. 981 Oil Rig at the South of Zhongjian Island (Triton Island)

On May 2, 2014, the Chinese CNOOC No. 981 oil rig began drilling and exploratory activities at the water area near Zhongjian Island among the Chinese Xisha Islands. That was the first drilling exploration by China in recent years in an area controlled by China but disputed by other countries in the South China Sea.

The Chinese party's drilling activities near Zhongjian Island quickly drew reactions from neighbouring countries, especially Vietnam. After the operation by the Chinese party began, Vietnam dispatched a large number of vessels, including armed ships to disrupt Chinese operations. Some of these vessels deliberately rammed into the Chinese public service ships performing escort and security tasks on the site. Vietnam also dispatched "frogmen" and other underwater spies to this area to deploy a large number of fishing nets, floaters and other barriers. According to the information released by Xinhua News Agency, by 17:00, Jun 7, 2014, the Vietnamese authorities again sent as many as 63 ships to related sea waters to force themselves into the Chinese guarding area and collided with the Chinese public service ships for 1,416 vessel-times in accumulation.²

The Chinese party condemned the behaviour of the Vietnamese party and called on "the Vietnamese side to immediately stop all the disruptive and destructive activities at the site, pull out all the vessels and personnel and stop all forms of infringement upon China's sovereignty, sovereign rights and jurisdiction."³ As a response to the disruptive activities by the Vietnamese party, China dispatched law enforcement ships to protect the ongoing safeguarding tasks, but did not mobilise its naval warships. The Chinese and Vietnamese teams held negotiations for more than 30 times over the issues including the operation of Oil Rig No. 981.

Operating Location Diagram of No. 981⁴

附件1/5 Annex 1/5 Annexe 1/5 :
中国企业作业位置图/Locations of the Chinese Enterprise' Operation/
Localisation de l'opération de l'entreprise chinoise



On May 16, 2014, the Chinese delegation led by Liu Jianchao, the Assistant Minister, the Ministry of Foreign Affairs, held talks in Hanoi with his counterpart in the Joint Working Team led by Vice Minister Pham Quang Vinh, of the Vietnamese Ministry of Foreign Affairs. He also had a meeting with Executive Vice Minister Dang Van Hieu of the Vietnamese Ministry of Public Security. On Jun 18, 2014, Yang Jiechi, the State Councilor, held the China-Vietnam Bilateral Cooperation Instruction Committee Summit Meeting with Pham Binh Minh, the Vice Premier and the Minister of Foreign Affairs of Vietnam in Hanoi. After July 15, 2014, with the completion of the South Zhongjian Operation at No. 981, the maritime and diplomatic confrontation between China and Vietnam gradually came to an end.

Struggle between China and the Philippines over the Renai Shoal (Second Thomas Shoal)

Renai Shoal is a reef ring in the Nansha Islands on the South China Sea.⁵ Not long before the Meiji Reef (Mischief Reef) incident between China and the Philippines in 1998, the Philippines had dispatched an old

LST tank landing ship Sierra Madre (side number of LT57) to sit on Renai Shoal in 1999 and deployed several marines on this shoal. For many years, Chinese defence forces and public service ships only kept monitoring and patrolling on Renai Shoal, but Chinese fishing ships would always berth in the reef lake.

In recent years, after the escalation between China and the Philippines on the Huangyan Island, the Philippines began to strengthen the garrison at Renai Shoal and other Nansha islands and reefs occupied by the Philippines. From 2013 onward, China and the Philippines have struggled over the supplies to the Philippine's ship sitting on that Shoal. Despite being far stronger than the Philippines and its control in the surrounding waters of Renai Shoal, China did not opt to drive away the Philippines' ship and personnel sitting on the reef.

On March 29, 2014, the Philippines dispatched marines on fishing boats to break the blockade by Chinese coast guard vessels for rotation of personnel and material supplies to its warship. The Philippines purposefully invited many media reporters to come along, in order to spread the notion that they were being "bullied by China." On March 30, the Philippines formally submitted a 4,000-page complaint to the International Court of Arbitration and accused the Nine-Dash Line of China on the South China Sea of violating the United Nations Convention on the Law of the Sea (UNCLOS).

The "Supply" issue of the Renai Shoal was essentially the struggle between China and the Philippines over sovereignty and control. The Philippines used an idle warship sitting on the reef to assert its control over the Shoal, while the Chinese side controlled the surrounding water areas with its advantages on the sea. China never acknowledged the Philippines' control over the reef, while the multiple successful supplies by the Philippines showed that Chinese control was not absolute.

Construction by the Chinese Side on the Nansha Islands Controlled by China

From February to August 1988, the Chinese Navy built an oceanographic station on the southwest reef, the Yongshu Reef (Fiery

Cross Reef) of Nansha Islands. That was the first island and reef construction action by China in Nansha Islands.⁶ During the period, China and Vietnam fought the “3.14 Naval Battle.” After the battle, China recovered six islands and reefs in Nansha Islands, including Yongshu Reef, Huayang Reef (Cuarteron Reef), Dongmen Reef (Kennan Reef), Nanxun Reefs (Gaven Reefs), Zhubi Reef (Subi Reef) and Chihua Reef (Johnson South Reef). Until the Meiji Reef incident between China and the Philippines in 1998, these six islands and reefs were all the islands and reefs controlled by mainland China in Nansha. For many years, China did limited construction in the controlled Nansha Islands and reefs. Since the 1970s, Vietnam and the Philippines, however, pursued construction activities on a different scale on Nansha Islands and reefs under their control. Vietnam undertook large scale reclamation of over 20 islands in Nansha, and built large facilities, including ports, missile sites, camps, hotels, etc. The Zhongye Island (Thitu Island) is the military, civil and administrative center of the Nansha Islands occupied by the Philippines. It also has stationed military contingent on it and several hundred civilians are living there. Since 2012, the Philippines has decided to expand construction on the Island, expand the airport and to build a school and a hospital.

In 2014, China also accelerated its reclamation activity in the islands and reefs under its control. According to foreign media reports, China did considerable sea reclamation and facility construction work in Nansha, of which the scale of the activity on the Yongshu Reef was the biggest. After the construction by the Chinese side, the Yongshu Reef has replaced the Taiping Island controlled by Chinese Taiwan to become the biggest island in Nansha. China’s sea reclamation activities were widely reported on in the Western media.⁷ One such media report said that the area of the Yongshu Reef had reached 2.2 square kilometres by January 2015. China also made substantial progress in the facility constructions in other controlled islands and reefs in Nansha.

Compared to Vietnam and the Philippines, China’s construction activities on the islands and reefs in Nansha did not cause friction at sea with other claimant states. The countermeasures by other states were mainly confined to diplomatic demarches and public statements. From April to June in 2014, the Philippines, however, protested against China

four times regarding the Chinese sea reclamation projects in Nansha Islands.⁸ China rejected these protests and stressed that these islands and reefs with new construction were all on the Chinese territory. In recent years, the spats in diplomacy and public rhetoric between China and the Philippines over reclamation in Nansha have been intensifying.

In January 2013, the Foreign Ministry of the Philippines delivered a note to the Chinese Embassy in Manila informing that the Philippines had submitted an arbitration notice and filed a mandatory arbitration regarding the dispute over “Ocean Jurisdiction” on the South China Sea according to Article 287 and Appendix VII of the 1982 *United Nations Convention on the Law of the Sea* (hereunder referred to as the “Convention”). On February 19, 2013, the Chinese Government returned the note and the attached arbitration notice by the Philippines Government.

On Mar 30, 2014, the Philippines formally submitted a complaint to the Arbitration Court requesting an arbitration award to determine that the Nine-dashed Line of China is a violation of UNCLOS; the “Islands and Reefs” currently occupied by China on the South China Sea can only be counted as rocks, so they should not have the status of exclusive economic zone; the artificial structures built by China based on the water-bottom reefs on the South China Sea do not have the status of exclusive economic zone, and the Chinese harassment of the Philippines’ ships on the South China Sea are illegal. In order to strengthen its own stance and obtain the sympathy and support from the international community, in October 2014, Gazmin, the Philippines Defense Minister, declared that the President Aquino III had ordered to maintain the *status quo* of the islands occupied by the Philippines, including repairing the runways on the Nansha Islands. He said, “Although the Philippines has the budget for facility improvement, since it has already proposed international arbitration, in order to prevent the influence on the award of the Arbitration Tribunal, the construction has been suspended.”⁹

On December 7, 2014, which was eight days away from the deadline that The Hague International Arbitration Court required China to submit the complaint, the Chinese Ministry of Foreign Affairs was authorised to unveil the *Document of the People’s Republic of China Regarding the*

Position on the Jurisdiction Issues of the South China Sea Arbitration Case Proposed by the Republic of the Philippines, which rejected the claims of the Philippines side, and stressed that China would neither accept nor participate in the arbitration proposed by the Philippines.

The US Becomes Tougher on Diplomatic and Military Fronts against China and Gradually Steps from the Backstage to the Front Stage

The US involvement in the South China Sea issue is becoming more prominent as is evidenced by its diplomatic and military deployment in the area. On February 13, 2014, Jonathan Greenert, Chief of Naval Operations of the US, replied to a question at the Philippines Defence University that if a conflict broke out between the Philippines and China in the South China Sea, the US would support the Philippines.¹⁰ On April 29, 2015, Jeff Rathke, the Deputy Spokesman of State Department, said that Washington was not interested in the idea put forward by China that the islands and reefs' construction in Nansha by China would benefit the improvement of the quality of public goods such as the international navigation routes in the South China Sea. He said that even if the sea reclamation was used for civil disaster relief, as China claimed, it would still be "unhelpful for the regional peace and stability." The US asked China to stop the sea reclamation in the South China Sea.¹¹

The US President Barack Obama stated at the graduation ceremony of the New York West Point Military Academy on May 28, 2014 that the US had been prepared to respond to the "aggressive" behaviour of China in the South China Sea.¹² On April 9, 2015, Obama stated in a speech during the visit to Jamaica that "What we are concerned is that China will not necessarily follow international codes and rules, and would use its absolute power and muscle to force other countries into submission." He also said "We think this matter can be solved by diplomatic means. The Philippines and Vietnam are not as big as China, but it does not mean that they can be pushed around."¹³ During a meeting with Japanese Prime Minister Shinzo Abe, Obama also expressed "concern" over the South China Sea issue.

Corresponding to its diplomatic stance, the US is also strengthening military coordination with its ally, the Philippines, and realising its goal of returning to the Philippines Military Base. During the period from May 5 to May 16, 2014, the “2014 Side-by-side” military exercise of the Philippines and the US was held. Some 3,000 Philippines military personnel and 2,500 US soldiers participated in a series of exercise activities at multiple places in the Philippines. This was the first large-scale bilateral joint exercise after the Philippines and the US signed the *Agreement to Strengthen Defence Cooperation*.

Eleven months later, on April 20, 2015, the Philippines and the US held the 10-day long “2015 Side-by-side” joint military exercise consisting of three parts: command post exercise, practical exercise and humanitarian aid exercise. The exercise was held at the San Miguel Naval Base in Zambales province, which is about 220 kilometres away from the Huangyan Island; and part of the sites for humanitarian aid exercise was set at the Palawan Island, which is 260 kilometres away from the Nansha Islands.

President Obama visited the Philippines on April 28, 2014. Before this visit, the US and the Philippines signed a new military agreement that was reached after rounds of tough negotiations. According to the agreement, the Philippines would allow opening of as many as 5 US military bases in its territory. This enables the US to rotate its aircraft, ships and military. It was reported that the US also asked the Philippines to open three bases that once belonged to the US and the headquarters of the Philippines Military in Manila.¹⁴

The US has not only strengthened its own military presence and activities in the South China Sea, but has also attempted to guide Japanese Self-Defence Forces into the South China Sea to provide assistance to the US and impose more pressure on China. In January 2015, Admiral Thomas of the Seventh Fleet of the US openly expressed the wish for Japan to participate in patrolling activities in the South China Sea. In April 2015, the US Secretary of Defence Ashton Carter visited Japan and had meetings with the Japanese Prime Minister Shinzo Abe and the Defence Minister Gen Nakatani. Carter also expressed the wish for Japan to share the alerting task in the South China Sea.

Difference of Perspectives and Strategies in Analysis and Judgment of the South China Sea Situation by Different Countries

During 2014 and the first half of 2015, although the South China Sea situation tended to be tense, it was generally manageable and did not have the dimension of a possible military confrontation. Whether there was friction between China and Vietnam or between China and the Philippines, the ships participating in maritime face-off were mainly government law enforcement ships or civil ships, and warships only played the role of alerting and deterrence. In the diplomatic realm, the stances of the related parties toughened, but the efforts for contacts and talks through bilateral or multilateral occasions never stopped.

The reason for the “struggling but not breaking up” scenario in the South China Sea was certainly because of acute power imbalance between the directly involved countries. Vietnam and the Philippines cannot afford to have a head-on confrontation with China. More importantly, both China and the US with great military forces, also consider using force in South China Sea issue as a secondary option, if it is an option at all. Countries with stronger military force are more willing to compete with the other party with their advantages in other fields, while military forces are mainly used to reflect strong stance and give resolute signals. During this period, the dominant feature was that concerned countries’ emphasis on the use of force to resolve the South China Sea issue had not reached a critical level. The policy goals of different countries in South China Sea are still limited, and controlling the situation rather than realising the final policy goal remains the starting point for them to deal with the South China Sea issue at the current stage. Therefore, the strategies adopted by them often have left them considerable room to deal with the eruption of conflict and take steps to not let it spin out of control.

All concerned countries believe that the so-called peaceful and stable *status quo* in the South China Sea since the adoption of the *Declaration on the Code of Conduct on the South China Sea* is unfavourable to them, or at least they not deem it to be completely favourable. All the parties interpret the *Declaration* and the politically correct “Peace and Stability on the South China Sea” in a way that benefits them, and make moral

exceptions for themselves for justifying their behaviour to change the *status quo*. Vietnam maintained that China's oil rig operation changed the status quo; the Philippines argued that China's sea reclamation projects changed the status quo; and the US claimed that all the actions of China on the South China Sea were changing the status quo. But neither Vietnam nor the Philippines saw that their own activities in the South China Sea were also changing the status quo. The US also did not admit that its continuous dispatch of military forces to the South China Sea was designed to change the status quo. To sum up, each party believes that only the opponent is undermining the status quo, harming the stability, and threatening the peace, whereas their own actions are defensive actions.

Vietnam: Opportunistic Strategy Restricted by Internal and External Environment

Vietnam is the country with the biggest interest in disputes with China on the South China Sea issue. It occupies the most islands and reefs on the South China Sea and holds the most maritime interests. Theoretically, it should have the strongest opposition stance against China on the South China Sea issue. However, due to the limitations of its own strength as well as the internal and external environment, Vietnam has always adopted a rather vacillating stance on the issue.

Although Vietnam has the strongest military force among ASEAN countries, including naval force, such military advantage in ASEAN does not mean much when faced with the naval and air force of China. In the "3.14" sea battle in 1988, the Chinese navy thoroughly defeated the Vietnamese navy's auxiliary vessels with the relatively modernised frigates. The imbalance of fighting warships between the two parties actually reflects the wide gap of military force between China and Vietnam in level and scale. Some 27 years later, the Chinese navy has even more advantages over the Vietnamese navy in both quantity and quality. Such advantages make Vietnam even less likely to use military force to compete for interests with China like it did 30 years ago. The purpose of Vietnam to purchase submarines and fighting jets from Russia is to enhance its deterrence vis-à-vis China rather than fight with China to gain control over the claimed islands, reefs and other maritime interests.

On the other hand, as the operating area of the No. 981 oil rig in Xisha waters was in the disputed area between China and Vietnam, Vietnam had to take countermeasures to assert its claim on the issue and thus maintain its credibility in ASEAN. The harassment by Vietnam of Chinese vessels also indicated that it did not have the ability to stop the activities of China on the sea. More importantly for Vietnam, the domestic riots caused by its sensational hype of the No. 981 oil rig exposed its vulnerability to its own political system and economic environment. The anti-China protests and demonstrations occurring in Vietnam in the mid-May 2014 had been supported by at least some senior officials of Vietnamese ruling party and government, but the subsequent reaction to anti-government movement forced Vietnam to review its appeal on the South China Sea issue. The sensational hype of the South China Sea issue could not bring real dividends to Vietnam. On the contrary, there was a realisation that it could make Vietnam pay a heavy price in the form of a turbulent domestic political situation or even collapse of the regime. Therefore, after June 2014, the party and government of Vietnam, while trying to ease the domestic political tension, started to ameliorate relations with China and soft-pedal its conflicts with China over the South China Sea issue.

It should also be seen that the available diplomatic resources of Vietnam on the South China Sea issue are very limited. As a country with the same social system as China, Vietnam will not become a main partner of the US in this region, and both the party and government of Vietnam are full of distrust of the US. In ASEAN, Vietnam also is not that influential. As for other powers outside the region, such as Russia, India and Japan, for Vietnam, they are at most the remote help that cannot fix the current problems. Except Russia, the support provided by India and Japan is only superficial and negligible.

Under the restrictions imposed by the aforementioned factors, the stance of Vietnam against China on the South China Sea issue is opportunistic. Vietnam has two main means to secure its interests. Firstly, it may instigate anti-China sentiment by cooperating with the Philippines in the ASEAN and thus exert regional pressure on China. In this way, Vietnam could force China to make certain compromises out of the consideration to maintain good relations with the ASEAN, or at least

make China pay more attention to the feelings of Vietnam. Secondly, Vietnam may leverage its political system similar to China's, and use inter-party relations as the means to communicate with China. Besides, it also wants to leverage Chinese "goodwill" for Vietnam — a goodwill known clearly to Vietnam that China does not want to see political turbulence or even regime change in Vietnam. For that matter, the domestic turbulence that occurred in Vietnam after the No. 981 oil rig incident exposed the insufficient power of Vietnam and vulnerability of its system. In dealing with China, Vietnam could use "public opinion" to send a message to China to show self-restraint arguing that the "public opinion" pressure could shake the status of the ruling party in Vietnam. However, the effect of both means is very uncertain. Besides, Vietnam would not be able to ensure the consequences of implementing such a strategy.

The Philippines: "Pawn" Strategy with the Intention to Intensify the Situation

Since the Philippines faced defeat in its military adventure in Huangyan Island, it has realised the great transformation in the Chinese strategy. China will no longer be bound by the principle of "hiding capacities and biding time," but "will do something" on the South China Sea. Faced with this strategic change in China's posture, the Philippines is very clear that it would never have military confrontation with China based on its weak maritime force. Therefore, the Philippines' China strategy on the South China Sea can only rely on the diplomatic and legal means. The fundamental objective of this strategy is to form a South China Sea alliance with other countries against China, and obtain as much support as possible from the international community. Based on this strategy, the Philippines would be the last country, from among the countries inside and outside the region, that would want to see the situation to be effectively controlled. Only when the situation is continuously worsening, the international community, especially the western countries, will transform their hostility towards China into support for the Philippines.

This is the only feasible strategy for Manila, but this strategy faces obvious flaws in implementation. The Philippines tried to use legal

means to solve the ownership issue of the disputed islands. Even if the international arbitration court makes a favourable arbitration in favour of the Philippines, it still cannot change the controlling status quo of the sea, because China will never accept the arbitration award. In fact, China has clearly stated that it will not participate in the arbitration. The Philippines' calculation is that if China does not participate in nor accepts the arbitration, Manila will win the international support and the international image of China will be inevitably damaged, and its relations with its neighbours would also be undermined. This is indeed possible, but such an outcome will not bring any maritime benefits to the Philippines.

The Philippines does not seem to understand why China refused to participate in the arbitration. It was not just because the arbitration award might be unfavourable to China but, more importantly, arbitration, as a means of international intervention, will absolutely not be accepted by China, a country that is currently rising, paying more and more attention to dominate regional affairs and showing growing confidence internationally. What China did not recognise was the possibility that the South China Sea issue was dominated and decided by other powers. The Philippines' increasing emphasis on legal means would lead to China's more reliance on a diplomatic approach underlining that its claims meet all the requirements under the international law. Ratcheting up the South China Sea situation would certainly enable the Philippines to obtain attention or even some sympathy from the international community, but it has to face increasingly stronger China on the sea. Unless China's "squeeze" on the Philippines is stopped by a stronger power, the Philippines would not be entirely rational in its cost-benefit analysis in pursuing its South China Islands policy.

To sum up, whether the Philippines with relatively weak strength and low status in the regional geopolitical landscape could gain international support depends on other powers' attitude towards the South China Sea issue rather than what the Philippines does. In other words, only when the Philippines resorts to a hostile posture against China, could it hope to succeed in gaining support. But the US stance towards China is not driven only by the South China Sea issue.¹⁵

The US: Deterrence Intention and Control Strategy from Backstage to Front Stage.

Over the past year, the US stance on the South China Sea issue has toughened, and its diplomatic and military pressure on China has been escalating. Such a change is not accidental, but is the inevitable result of the evolution of the South China Sea issue.

The US is not a directly involved party of the South China Sea issue, but it has always been considering itself as the protector of the maritime order in South China Sea and the world. Maintaining its global maritime hegemonic status is the core objective of the US maritime strategy. The US may handle maritime disputes of certain places as specific incidents, but will never handle disputes which will not affect its global hegemony status such as the maritime disputes between Bangladesh and India and between Pakistan and India. The reason why the US ignores them is not just because those disputes would not severely affect its interests, but more because such disputes would not imperil its global “prestige.” With the decline of the strength of the US, it will face more challenges and become more vulnerable on its hegemonic status. The continuously increasing importance of the South China Sea issue in the diplomatic and military strategy of the US is correlated with the gradual decline in the US global dominance.

In contrast to Vietnam and the Philippines, the US does not really care about the specific ownership of the disputed islands and reefs in the South China Sea. What the US wants is that no matter who eventually owns the islands and reefs, the overall imprint and writ should be the United States’, not China’s. Even if China reaches compromise with the related claimant countries of the South China Sea issue through diplomatic efforts, by making great concessions, the US would still not recognise such an arrangement as acceptable. What the US cares about is “order” rather than “result” which could be seen from its position with regard to the *Declaration on the Code of Conduct on the South China Sea*.

In 2002, China and ASEAN member states adopted the *Declaration on the Code of Conduct on the South China Sea*, and thus attempted to

find a mechanism for resolving the South China Sea disputes or appropriately responding to them. The US played a minor role in the finalisation of the document, but it did not believe that such an outcome could threaten its global hegemony. The reason was simple. In the first few years after the reaching of the *Declaration*, the global leadership status of the US continued to remain unchallenged.

When the positive results of the *Declaration* became manifest, the US faced a serious dilemma. It was trapped in the “War on Terrorism” in the Middle East and South Asia; its domestic economy suffered from global recession and its international prestige touched the lowest point, at a time when the US made a transition from the Bush Administration to the Obama Administration. All these developments made the US more sensitive with regard to its hegemonic status. Towards the end of the Bush Administration, the US started giving more importance to the Southeast Asian Region, and had obvious reservations about the joint efforts by China, the Philippines and Vietnam to handle the South China Sea issue.

The US at that stage believed that a settlement of the South China Sea issue or even defusing the situation, in the absence of the US, didn’t suit it. At the beginning of the first term of Obama, the US actively advocated the “Return to Southeast Asia” and “Re-pivoting of Asian Pacific.” The South China Sea issue became an important platform for the US to flaunt its global leadership.

For the US, the message of the still ever stronger “American Century” could be delivered by stressing its global leadership, showing its military force, and deterring China from safeguarding its rights and undertaking construction activities on the South China Sea. The scenario that suits the US is that its intimidation stops China from protecting its rights and forces it to cease construction work in the South China Sea, so that all relevant parties seek the US help to solve the South china sea issue. As the US is not a country directly involved in the South China Sea disputes, its rationale for interference can only be justified on the basis of the so-called maintenance of the international order by, among others, (1) guaranteeing free navigation and (2) opposing “bullying” of small countries by a big regional country. Both these reasons for interference

are related to the issue of “order” rather than “specific ownership” of islands and reefs by a country or countries. More importantly, the order promoted by the US must reflect the US hegemony rather than the stability of the region or a successful settlement of a certain issue.

The problem, however, is that the US objective of maintaining its hegemonic status will lead to more confrontational strategies. In order to reflect its hegemonic status, the US would raise issue of morality and justice in the context of specific disputes, comprehensively deny the reasonability of the appeal of an involved party in certain disputes, and interpret all the intentions and behaviours of one party as a conspiracy. Otherwise, the reasonability of maintaining the hegemonic status cannot be demonstrated.

From the US perspective, China’s denial of its interference poses a challenge to the “Global Leadership” of the US. Such stance against the intervention of the US is a kind of behaviour that disturbs the regional order. Doubtlessly, this makes the US unlikely to recognise China’s rational appeals on the South China Sea issue. China will inevitably oppose the solution and ways proposed by the US against the interests of China. Under these circumstances, the more the US stresses its right to maintain the regional order, the more it will be rejected by China. In this way, confrontation between China and US will be escalating. From China’s point of view, the US intervention in the South china sea issue with the excuse to maintain the order is actually meant to contain China. The US interpretation of the South china sea issue will doubtlessly affect China’s recognition on the South China Sea issue. If the South China Sea issue only involves a sovereignty dispute between China and other claimant parties, the cost of settling related issues of actual economic interests and the ownership of specific islands and reefs by the parties concerned through negotiation would be relatively low. But when it is upgraded to the issue of regional order, it will be less likely for both China and the US to make compromises and policy adjustments for either China or the US as any concession in this situation would show weakness. It is a well-known fact that for any big country, showing weakness dents its regional prestige. Generally speaking, the US interference in the South China Sea issue would not soften the stance of

China, and instead it would make China firmer in protecting and enforcing its claims.

The result is an upsurge in confrontation between China and the US. The US interference of in the South China Sea as protector of the international order will unavoidably intensify confrontation between China and the US, unless the US could definitively demonstrate its strong military strength and superiority over China. China, because of its vital interests involved, is unlikely to concede. In the second half of Obama Administration, regardless of its strength or willpower, the US has been unable to demonstrate its deterrence towards China similar to the one adopted during the 1996 Taiwan Strait Crisis. First, the gap of power between China and the US is obviously narrowing; second, the weak willpower and US determination in response to the challenges in other regions of the world make it harder for China to believe that the Obama Administration has the will to pursue its pronouncements with the same vigour as the Bush Administration. This has not only weakened US deterrence vis-à-vis China on the South China Sea issue during the previous several years, but has also led to other concerned countries' hostility towards China. .

Of course, it must be admitted that China and the US have maintained talks and communications on many issues including the South China Sea issue, and they do have crisis control mechanisms. However, these mechanisms could at most control the situation, but do not help bridge the opposite stances of China and the US. The US intended to force China to make compromises under the international rules dominated by it, with its advantages in diplomacy, but this will only deepen China's mistrust of the so-called international rules and force it to find its own advantageous fields to protect its interests. This would, in turn, further strengthen the US belief that China is trying to use the South China Sea to subvert the US maritime hegemony. Over the past year, the competition between China and the US on the South China Sea issue has generated an "Oil-adding Strategy." The stance of the US has been strengthening, China has been increasingly resolute, and the confrontation between the two parties has intensified.

As for other members of the ASEAN and other concerned countries outside the region, their position vis-à-vis the South China Sea issue has been opportunistic. The ASEAN does not want the issue to become a contentious point in its relations with China or cause an internal split in ASEAN. It has therefore a strong motivation for reconciliation. By far, the ASEAN has not formed a unanimous and coordinated stance against China on the issue. In fact, considering the overall relations between China and ASEAN and the implementation of the “Belt and Road” initiative, it is unlikely that ASEAN would form a unanimous stance against China. ASEAN’s statement on the South China Sea issue in April 2015 should be interpreted as its concern over the development of the situation, and it doesn’t mean that ASEAN wants to be the arbitrator or coordinator between China and the Philippines or Vietnam in settling the South China Sea issue.

Japan’s interference in the South China Sea affairs has increased. With the gradual resolution of the China-Japan disputes, and the increasing desire of Japan to become a “Normal Country,” Japan has an increasingly strong motivation to assert itself on the South China Sea issue. Unlike Japan, when facing China, the US wants to control the situation. The restraint in the US position stems from difficulties it has encountered, while Japan remains undeterred because it believes that interference would pay off. For Japan, it is important to realise the dream of becoming a political and military power in the world and complete the “Normalisation of Country.” However, influenced by the domestic political landscape and public opinion in Japan, it will take some time for the Abe government to transform the active stance on the South China Sea issue into concrete actions.

As for the powers outside the region such as India, Australia, Russia and EU, their interests in South China Sea are at the most marginal. Thus the resources they devote to this issue are next to nothing, so their impact would remain negligible.

China's Strategy Selection and the Direction of South China Sea Issue in the Future

Although the South China Sea situation has been intensifying since 2014, the concerned parties are still at the stage of exploring policy and making necessary adjustments. For China, the primary task on South China Sea in 2014 was capacity building, which has three main points: 1) Strengthening the functioning of Chinese-controlled islands and reefs on the South China Sea and completing the power build up at frontier to prepare for the incoming military and law enforcement chores; 2) Clearly showing China's posture, resolution and willpower to protect its rights and interests in South China Sea, as well as rejecting solutions proposed by the US; 3) Promoting negotiations, deterring the Philippines and Vietnam through the demonstration of strong maritime forces, so as to keep these countries calm and restrained.

Doubtlessly, China doesn't want to escalate the situation in South China Sea, nor does it want to use the South China Sea issue to undermine the current international order. China still considers the intensification of the South China Sea issue an obstacle and threat that would affect the implementation of China's foreign strategies, especially the "Belt and Road" initiative and therefore wants to contain the deteriorating situation. China's overall relations with ASEAN still transcend disputes over maritime rights and interests in South China Sea. At the same time, China has to strengthen the presence of frontier forces on the South China Sea, so as to avert threats to its interests.

This strategy has obvious advantages compared with the previous passive control method of China. China's influence in the South China Sea situation has been continuously increasing, and the frontier environment has been continuously improving. Of course, the risk of having conflicts is also increasing. Therefore, the necessity for China to fortify its presence at the frontier of South China Sea is bigger than the superficial stability brought about by the passive compromises made several years ago. The reactions of Vietnam, the Philippines and the US have validated China's efforts to build its frontier defences.

China does not see its undertaking to build frontiers as a way to change the status quo — because China’s construction work is on the islands and reefs actually controlled by China; China did not attempt to recover the islands and reefs that were claimed and occupied by other countries. China does not need to stress that its sea reclamation activity is not intended to change the status quo. On the contrary, China should indicate more specifically that its frontier building was a necessary action after the continuous change of the status quo in the South China Sea by the concerned parties. In fact, the status quo in the South China Sea has been changed by them. Acknowledging this point and including it in the next diplomatic discourse would help advance China’s interests.

Secondly, China’s frontier building will inevitably involve the use of power after its preliminary completion. This issue will inevitably cause more disputes with neighbouring countries compared to that of sea reclamation. One can foresee that in future, the issue of using the military and civil facilities on the newly built and expanded islands and reefs on the South China Sea will become a key in the struggle of South China Sea. China should plan in advance the use of frontier forces at the south end of the South China Sea. .

Finally, China should realise that the continuous brewing of the South China Sea issue and the implementation of the Chinese “Belt and Road” strategy are not contradictory and the mitigation of the South China Sea situation is also not the precondition for the implementation of the “Belt and Road.” The dominant party in the South China Sea issue is the US rather than the claimant countries in the Southeast Asia. It means that even if China tries to calm down the situation in South China Sea and make compromises in order to promote the “Belt and Road” strategy, the changes in the regional and international order that may be brought about by the “Belt and Road” strategy will still force the US to obstruct this strategy. This became evident in the preparatory process for the Asian Infrastructure Investment Bank. Therefore, the prospect of the implementation of “Belt and Road” will not depend on the trajectory of the South China Sea issue, but on the capabilities of China and the US in the related regions, including the Southeast Asian countries. The existence of the South China Sea issue indeed increased difficulties for China in obtaining the support from Southeast Asian countries. But even

without the South China Sea issue, the recognition of the benefits of the “Belt and Road” in Southeast Asia will still be restrained by the US “Asian Pacific Re-pivoting” strategy. The effect of using a Chinese compromise on the South China Sea issue to secure support of winning Southeast Asian countries for the “Belt and Road” is doubtful. As a strategy, it is not recommended.

To sum up, for a period in the future, with the strengthening frontier power of China on the South China Sea, the situation of the South China Sea will become more turbulent. China should be aware that this turbulent period is inevitable and it is the path that China must go through. The length of this period will finally depend on the balance of power between China and the countries in the region rather than their self-restraining postures.

Notes and References

1. CNOOC No.981” was the 6th generation deep-water semi-submersible oil rig that was first independently designed and built by China. It was built by full investment by China National Offshore Oil Corporation (CNOOC), and it was the first drilling platform in the world that was designed for the severe sea conditions at the South China Sea.

2. Official website of *Xinhua News Agency*,
http://news.xinhuanet.com/world/2014-06/08/c_126592086.htm

3. “Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 11, 2014,” Official website of the Chinese Ministry of Foreign Affairs,
www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1164598.shtml

4. Official website of the *Xinhua News Agency*,
http://news.xinhuanet.com/world/2014-06/08/c_126592086.htm

5. It is located in the scope of NL 9°39'-48' and EL 115°51'-54'. It is about 14 nautical miles away from Mischief Reef in the southeast and about 15km long from south to north and about 5.6km wide from east to west. Most of it would be above water in low tide. The north semi-ring is relatively complete, whereas the south semi-ring is broken into several sections, forming several reef gates. Only ships under 30 tonnages could enter the reef lake.

6. Accurately speaking, the Chinese construction activities on Chigua Reef (Johnson South Reef) in 1988 were based on the invitation by the UN. In January 1987, the United Nations Educational and Scientific Commission (UNESCO) organised the 14th Intergovernmental Oceanographic Commission

to pass the Global Sea Level Joint Survey Program, which planned to establish 200 oceanographic stations across the globe, and entrusted China to build 5 oceanographic stations, including 3 on the coast of Mainland China, 1 in Xisha and 1 in Nansha. The Chinese government decided to build the No. 74 oceanographic station on the Yongshu Reef (Fiery Cross Re). Vietnam condemned this decision and deployed the navy vessels to the areas. On March 14, 1988, the gunfight and warship artillery action erupted between the Chinese and Vietnamese navies. China sunk two Vietnamese warships and heavily damaged one.

7. James Hardy, London and Sean O'Connor, "China starts work on Mischief Reef land reclamation," *HIS Jane* 360, March 11, 2015, <http://www.janes.com/article/49917/china-starts-work-on-mischief-reef-land-reclamation>. <http://www.janes.com/article/49993/top-chinese-ex-official-calls-for-radar-installation-on-new-scs-islands> etc.

8. www.zaobao.com/special/report/politic/southchinasea/story20140615-354786

9. http://news.china.com/zh_cn/focus/nanghai/11156618/20141004/18833451_all.html

10. <http://mil.sohu.com/20140214/n394971074.shtml>

11. <http://www.zaobao.com/realtime/world/story20150502-475223>

12. <http://news.etnet.com.cn/top-EtnetcolA01-EtnetcolB144/32835.htm>

13. <http://news.sina.com.cn/c/2015-04-11/083331705940.shtml>

14. http://www.81.cn/wjism/2014-05/06/content_5892344.htm

15. Regarding the strategy of the Philippines, the author explained in the section of "*Inspiration of the 'Huangyan Island Event' on China's Rights Protection Struggle on the South China Sea*" in the Blue Paper of *Development Report of Asian Pacific Region* (2013). The strategic objective of The Philippines has not changed since the Huangyan Island incident; what it adjusted was the emphasised means adopted to realise its objectives.