

GUNBOAT DIPLOMACY IN THE SOUTH CHINA SEA

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The nations involved in the South China Sea dispute have amplified their military expenditures and confrontations at sea have become increasingly common. The People's Republic of China and the United States are the two largest regional powers and, as such, this discussion focuses on their respective policies and implementation strategies. China claims much of the South China Sea as its sovereign territory based on historical occupation and their interpretation of international law. The fear of encirclement and China's increasing dependence on sea trade further drive Chinese policy. Additionally, Vietnam, Malaysia and the Philippines lay claim to parts of the South China Sea and fear China may seek to control the area in the future.

^{*} The views expressed in this paper are those of the author and do not necessarily reflect the official policy or position of the US Air Force, Department of Defense, or US Government.

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INTRODUCTION

China has described the South China Sea as its sovereign territory where it has the right to intervene economically and militarily. The United States has described the South China Sea as a global commons, where freedom of navigation and the rule of law are in its national interests. These two worldviews currently coexist in an unstable peace where each side claims its own version of international law should apply, and occasionally, goes to arms to defend it. All of the claimants to the South China Sea are willing to use force if necessary to implement their policies, yet no nation knows how far the other is willing to go. The result is a chess match of gunboat diplomacy: the maritime show of force that aims to influence the policy-makers in the targeted nation.

This thesis will analyze the conflict over the South China Sea on the legal, strategic, operational and tactical levels. The purpose of this thesis is to examine Chinese and U.S. policy in the South China Sea and determine if and where conflict could arise, and how it could be avoided. Chapter One is a short introduction to the South China Sea's geography, economic profile, strategic importance, and other characteristics. Chapter Two examines the dispute at the legal level concerning the United Nations Convention on the Law of the Sea, and the political rhetoric about its implementation. Chapter Three examines China's military forces, their strategic doctrine and how that strategy manifests itself in the South China Sea. Chapter Four details the same, but concerning Vietnam, Malaysia and the Philippines. Chapter Five examines U.S. policy in the South China Sea, current force structure in the Western Pacific, strategy, and a look into the future of possible conflict scenarios.

CHAPTER ONE: SHORT PROFILE OF THE SOUTH CHINA SEA

Environmental Profile of the South China Sea

At 3,500,000 square kilometers the South China Sea is roughly one third of the size of the continental United States, equivalent to every state west of, and including, Texas. At least eight bordering nations to the South China Sea hope to extract its hydrocarbon reserves, but the exact volume of the natural gas and oil available remains a hotly debated topic.¹ As one analyst has noted, "One recent U.S. estimate suggests that the sea holds about 15.6 billion barrels of petroleum, of which about 1.6 billion barrels are recoverable. In contrast, Chinese surveyors have estimated those resources to be between 105 billion barrels and 213 billion barrels, of which between 10.5 billion barrels and 21.3 billion barrels are recoverable, in addition to high volumes of natural gas."² One possible reason for the variance is that Chinese surveyors hope to increase investment interest for drilling in the South China Sea. But another reason for the wildly varying claims could be the media's misunderstanding of "resource estimates" (which estimate the total amount of oil) and "reserve estimates" (which estimate the total amount *recoverable*, typically 10%).³ Surveyors and potential oil drilling companies face an increasing tension

among the nations bordering the South China Sea that could deter investment and therefore leave the question of just how much resources there are in the South China Sea unanswered, thus creating more volatility.

As one analyst has noted, oil is not the only disputed natural resource in the South China Sea. Fish remains a staple of coastal populations, but “because of overfishing, there is a marked decline in the overall fish catch, inspiring fisherman [sic] to use more aggressive techniques.”⁴ Chinese authorities have routinely detained Vietnamese fishermen in recent years as a show of their displeasure with Vietnamese sovereignty claims and fishing habits.⁵ As fish become scarcer, however, fishermen will venture closer and closer to other countries’ disputed areas, and thus create more diplomatic tensions. In addition to the overfishing problem, the rapid economic expansion of the cities along the coast has caused pollution to become a major concern for many of the bordering nations.⁶ These ecological problems, however, have no clear solution without the issue of sovereignty being settled first.

Political Profile of the South China Sea

Seven different countries around the South China Sea have competing maritime claims, some of which become even more complicated because of competing claims of islands within other nations’ Exclusive Economic Zones (EEZ). The Spratly and Paracel Islands are two island chains that have been fought over and exchanged between multiple countries. For example, “The Spratly Islands are claimed by six countries and occupied by three of them.”⁷ China, for its part, claims the whole of the South China Sea as its sovereign territory, a position from which China has been unwilling to move since the mid 1940’s. Vietnam, Malaysia, Indonesia, Taiwan, Brunei and the Philippines also claim parts of the South China Sea as well as some of the disputed islands. Because of the competing maritime claims the Association of Southeast Asian Nations (ASEAN) and China drafted the 2002 ASEAN-China declaration on the conduct of parties in the South China Sea.⁸ This “code of conduct” for the South China Sea, however, has been only a nominal fix for the underlying sovereignty issues and has not diminished any party’s intent on giving up their national claims. Figure 1 provides an illustration of the complexity of political claims in the South China Sea.

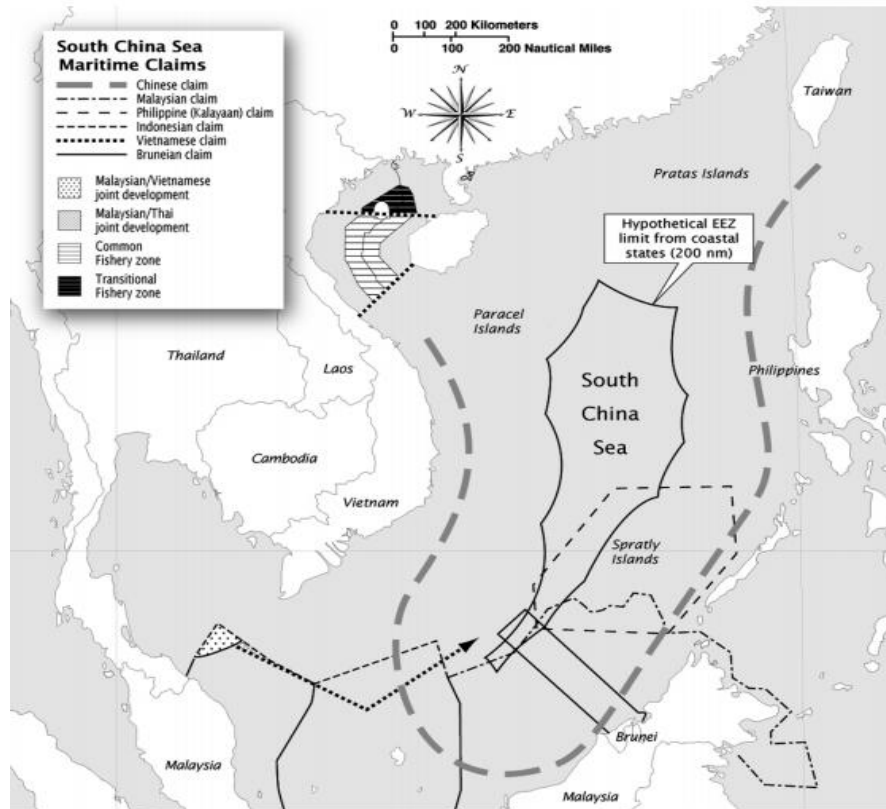


Figure 1. The South China Sea Maritime Claims. Hypothetical Exclusive Economic Zones including China, Malaysia, Philippines, Indonesia, Vietnam and Brunei. Source: Clad, NDU, *Borderlands*, 121.

Despite the “intraregional distrust, deeply rooted historical issues, and rapidly increasing military spending” in the region surrounding the South China Sea, one expert argues that “not only has the conflict not escalated into a serious military conflict; it has, in fact, been mitigated... in fact, a more stable peace has developed.”⁹ Whether this peace can hold as the larger trends of demographic and economic growth continue to expand into the South China Sea in the future remains to be seen. Chapter Two, however, will go into further detail on the legitimacy of China’s claims and the legal status of the EEZs in the South China Sea in another section.

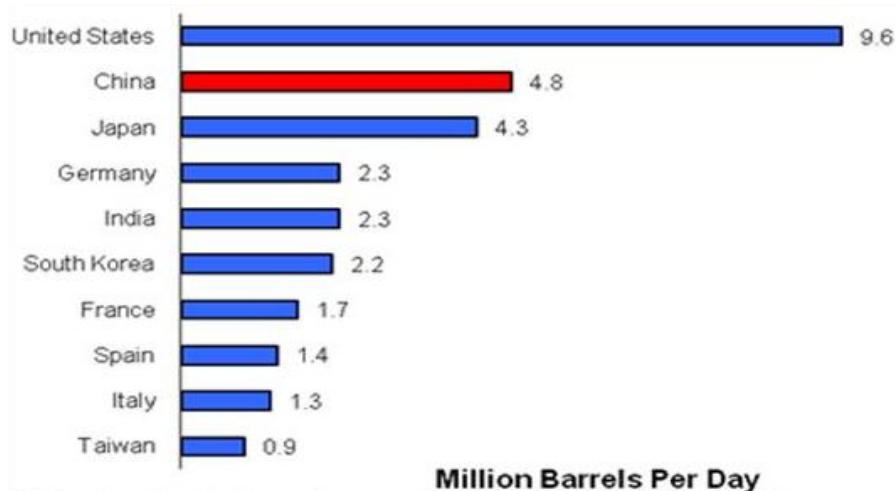
Economic Profile of the South China Sea

The South China Sea acts as the main transit point for some of the world’s largest economies and will only become more important as each nation’s economy grows in the future. As one analyst has noted, “Each year, 50,000 vessels use the strait that now separates three sovereign states. The Straits of Malacca channels two-thirds of the world’s entire freighted oil and half of its liquid natural gas tankers. Apart from energy supply vessel transit, the strait funnels about a third of the world’s annual freighted tonnage between the Indian and Pacific Oceans.”¹⁰ To put it in more concrete terms, the “oil transported through the Strait of Malacca from the Indian Ocean, en route to East Asia through the South China Sea, is more than six times the amount that passes through the Suez Canal, and 17 times the amount that transits the

Panama Canal. Roughly two-thirds of South Korea's energy supplies, nearly 60 percent of Japan and Taiwan's energy supplies, and about 80 percent of China's crude oil imports come through the South China Sea."¹¹ As Asia's economies continue their steady surge through 2012, it is increasingly apparent that economic choke points like the South China Sea will only increase in their strategic importance as transit areas.

The Future of the South China Sea

If current forecasts of economic growth around the South China Sea hold true, the region is set to have an even greater influence on international relations than its already sizable impact. As the importance of the South China Sea grows however, so too will the tensions over which country has effective control over its claims. One expert has cautioned, "These conflicting claims are likely to become even more acute as Asia's spiraling energy demands – energy consumption is expected to double by 2030, with China accounting for half that growth – makes the South China Sea the ever more central guarantor of the region's economic strength."¹² As Figure 2 indicates, three of the top ten oil importers in 2010 border the South China Sea; and South Korea depends almost entirely upon its oil coming through the South China Sea. The robust growth projected in these economies could forecast a more robust struggle in the region for military supremacy over sea lanes. Vietnam, Thailand, Malaysia, Indonesia, Philippines and China have all dramatically increased their defense budgets over the last couple years – and it is forecasted to only grow in the near future.¹³ As one analyst recently noted, "the Stockholm International Peace Research Institute has reported that arms imports to Indonesia, Singapore, and Malaysia rose by 84 percent, 146 percent, and 722 percent, respectively, in the last five years. In the same timeframe, Thailand's defense budget has doubled."¹⁴ The future of the South China Sea remains uncertain as the nations surrounding it continue to increase their reliance on its waterways and seek to defend their national interests militarily.



*Estimates of production and consumption. Does not include stockbuild.
Source: EIA, *Short-Term Energy Outlook* (April 2011)

Figure 2. The top ten oil importing countries in millions of barrels per day for 2010. Source: Energy Information Agency Country Profile: China

CHAPTER TWO: CONFLICT IN THE SOUTH CHINA SEA ON MULTIPLE LEVELS

Legal Status of South China Sea Claims and UNCLOS

The South China Sea remains one of the most complex international legal challenges of the 21st century because of the number of claimants, historical ambiguity and the geography of the widespread islands and reefs. The United Nations designed the Convention on the Law of the Sea (UNCLOS) in 1982 as an instrument to settle maritime disputes and the provide text on navigational rules in contested waters. While every nation surrounding the South China has signed and ratified UNCLOS, boundary disputes remain because some countries agree to submit to third party settlement while others refuse to obey the rulings. For its part, China simply claims nearly the entirety of the South China Sea while pursuing concessions from neighboring countries on a bilateral basis, rather than using the convention's recommended third party arbiters. As such, the following sections will describe in greater detail UNCLOS and China's historical claims to the South China Sea.

The United Nations claims the origins of the UNCLOS Treaty began in 1945 when U.S. President Truman declared U.S. sovereignty over the United States' continental shelf and all the natural resources found therein. Other nations soon followed suit and especially violent disputes arose in places like South America over fisheries near the coast. In response, in 1982, the United Nations adopted the U.N. Convention on the Law of the Sea and it entered into force November 16th, 1994. The United States remains one of the only countries to have signed but never ratified UNCLOS, which puts U.S. diplomats in an awkward position when arguing for China (which has signed and ratified UNCLOS) to abide by its mandates.¹⁵ The Law of the Sea outlines the maritime rules that allow freedom of navigation and the "right of innocent passage." Coastal states have full jurisdiction up to 12 nautical miles from their shorelines where they are free to enforce all national laws – except against foreign ships (commercial and military) who only seek "innocent passage." States that border a strait such as Hormuz or Malacca may not deny innocent ships transit through their strait, but they are allowed to write the rules governing their passage. Coastal states also have a 200 nautical mile Exclusive Economic Zone (EEZ) which is governed by those nations' laws, but again, UNCLOS forbids the harassment of other vessels seeking innocent passage.¹⁶ Figure 3 shows the hypothetical UNCLOS line that should divide the South China Sea with the middle of the sea being the theoretical international zone where no country can claim any right (because islands such as the Spratlys or Paracels do not add to a country's EEZ).

Chinese Legal Basis for South China Sea Claims

When describing their claim on the South China Sea, China cites historical evidence as having discovered the islands thousands of years ago, while rarely mentioning UNCLOS. Su Hao, a professor at

the China Foreign Affairs University, spoke at a Center for Strategic and International Studies (CSIS) Southeast Asia event and explained China's perspective: "Generally speaking, China's claims for rights and interest in the South China is based on its historical rights and international law."¹⁷



Figure 3. Exclusive Economic Zones of the countries that lay claim to the South China Sea as well as the approximate position of the USNS Impeccable during its incident in 2007. Source: BBC map from "Who's Right in the South China Sea?" March 13, 2009.

Professor Hao goes on to explain that Chinese scholars have mentioned the Spratly and Paracel Islands in their ancient writings and have also documented Chinese military patrols of the islands dating back to the Song Dynasty (960-1279 A.D.). Other scholars, however, disagree that the Chinese presence in the South China Sea was constant or even symbolic of national sovereignty. As one historian has noted:

Evidence for a Chinese presence in islands in Southeast Asia before 1000 CE is scant, consisting of a small amount of pottery found in southern Sumatra and the accounts of Buddhist pilgrims. Direct Chinese control did not take place outside of Vietnam. Instead, the Chinese tried to impose a form of tributary control... China seldom actually intervened militarily and the engagement of its merchants in the region was sporadic."¹⁸

Lastly, Professor Hao and other Chinese officials cite a now-famous map sometimes called "the cow's tongue" or the "nine-dashed line."¹⁹ China filed a complaint in 2009 to the U.N. Secretary General about Vietnam and Malaysia's joint submission to the Commission on Limits of the Continental Shelf because it "seriously infringed China's sovereignty, sovereign rights and jurisdiction."²⁰ As one analyst has noted, this move was not unexpected, but: "More surprising was the decision to attach to this note a 1947 map of the South China Sea demarcating China's claimed territory with a dashed line descending in a U-shape from China's coastline into Southeast Asia and incorporating nearly all of the South China Sea. This was the first time this map, which was originally produced by the Nationalist Kuomintang, had ever

been used in official correspondence.”²¹ Ironically, the People’s Republic of China (PRC) bases its sovereignty over the South China Sea on a Republic of China (ROC) document made under the leadership of Chiang Kai-Shek. “Owing to its defeat in the civil war in May 1950, the ROC government withdrew its forces from Hainan Island and the Paracels as well as the Spratly Islands. According to the Treaty of Peace between the ROC and Japan signed on 28 April 1952, Japan ‘renounces all right, title, and claim to Taiwan (Formosa) and Penghu (the Pescadores) as well as the Spratly Islands and the Paracel Islands.’ Although no sovereign successor was named in the Peace Treaty, the ROC claims that this treaty is proof that the ROC exercised complete sovereignty over these island groups.”²² The ROC, now Taiwan, therefore has different South China Sea claims than mainland China; however the PRC claims all of Taiwan’s claims.

Professor Hao also rests China’s right to claim the islands in the South China Sea on “widely accepted territorial sovereignty principles of international law.”²³ These principles include the “doctrine of discovery,” administration of unclaimed territory, effective patrol of the area, exploitation of resources, succession of state systems (the PRC supposedly legally inherits all of the ROC’s claims), the rule that “illegal acts do not generate rights” (since other countries have taken over some islands), and lastly recognition by the international community.²⁴ Curiously, the professor does not mention UNCLOS or the statement made by the Chinese upon signing UNCLOS which states the following:

1. In accordance with the provisions of the United Nations Convention on the Law of the Sea, the People's Republic of China shall enjoy sovereign rights and jurisdiction over an exclusive economic zone of 200 nautical miles and the continental shelf.
2. The People's Republic of China will effect, through consultations, the delimitation of the boundary of the maritime jurisdiction with the States with coasts opposite or adjacent to China respectively on the basis of international law and in accordance with the principle of equitability.
3. The People's Republic of China reaffirms its sovereignty over all its archipelagos and islands as listed in article 2 of the Law of the People's Republic of China on the territorial sea and the contiguous zone, which was promulgated on 25 February 1992.
4. The People's Republic of China reaffirms that the provisions of the United Nations Convention on the Law of the Sea concerning innocent passage through the territorial sea shall not prejudice the right of a coastal State to request, in accordance with its laws and regulations, a foreign State to obtain advance approval from or give prior notification to the coastal State for the passage of its warships through the territorial sea of the coastal State.²⁵

The Chinese do not often refer to UNCLOS as proof of the legitimacy of their claim to the entirety of the South China Sea because even their second point upon signing the convention claims the Chinese will consult opposite and adjacent countries with respect to international law and equitability – something critics often find lacking in China’s political rhetoric on the issue. Instead, China generally refers to the nebulous concept of international law and norms, rather than specifically UNCLOS.

China's third point in its UNCLOS declaration refers to a law passed by the Standing Committee of the National People's Congress which does not mark exactly where China lays claim in the South China Sea, but it does say that the Paracel and Spratly Islands are part of their sovereign territory.²⁶ As one analyst notes, China's declaration after it signed the convention actually proves it is already in violation of its text. "These declarations substantially change the meaning of UNCLOS articles and are in marked contrast to traditional sea laws. China claims its EEZ is not just an economic boundary, but sovereign territory, thus extending its maritime border 200 nautical miles. Beijing is also claiming that the uninhabited islands and reefs of the South China Sea are Chinese territory and, thus, also have EEZ extending an additional 200 nautical miles from each of them, and that its continental shelf extends as far as Beijing chooses to draw it."²⁷ The Chinese definition of their "territorial waters" does not only concern the surrounding nations, but also has potential implications for each nation's shipping industry that passes through the South China Sea each year.

When diplomats attempt to find an answer to the South China Sea conflict, they will find the issue begins and ends with the Chinese. One expert has noted, "All the claimant countries justify their respective territorial claims using highly interpretive definitions of UNCLOS articles. Only China, however, exhibits the combination of broad territorial claims; economic, political, and military strength; an uncompromising diplomatic stance; and demonstrated aggressiveness in pursuing its objectives. This unique combination of traits makes Beijing at once the most important player in resolving the territorial disputes and the biggest obstacle to doing so."²⁸ By this standard, the next section will consider what official Chinese policies are concerning the South China Sea and what motivates their strategy.

Why China is Concerned Historically

China's modern fear of foreign intrusion in its seas dates back to the end of the 18th century, when the Qing Dynasty was at the height of its economic and military power. Because the British had expanded their trading interests into India, Indonesia and Singapore, the Chinese sought to limit British influence in China and retain their cultural purity from the "barbarian merchants."²⁹ As the trade between the Chinese and foreigners expanded, the Chinese began to set strict rules on foreign commerce. "For foreign representatives the points of entry into China and routes to the capital were strictly circumscribed. Access to the Chinese market was limited to a tightly regulated seasonal trade at Guangzhou (then known as Canton) [one of the northernmost points in the South China Sea]. Each winter foreign merchants were required to sail home. They were not permitted to venture further into China."³⁰

As the British expanded their maritime empire, they found the trade of opium in China's southern provinces to be especially lucrative, though the Chinese government had banned the drug. The resulting disagreements turned into the First (1839-1842) and Second Opium War (1856-1860) in which China was repeatedly humiliated by foreign militaries and forced to concede trading rights and even the island of

Hong Kong, at the northern edge of the South China Sea. When the other European colonial powers saw the concessions the British received with their gunboat diplomacy, they immediately began to sail their navies through the South China Sea to take advantage of their own “unequal treaties,” as the Chinese call them.

After U.S. soldiers intervened in China in the Boxer Rebellion (1899-1901), the Chinese people became increasingly nationalistic and initiated the Xinhai Rebellion (1911). Sun Yat-sen (1866-1925) led the government after the rebellion and later passed on his leadership of the Kuomintang to Chang Kai-shek who again united China and became a friend of the West for nearly two decades. When the Japanese invaded mainland China in 1931, however, the Generalissimo was forced to fend off another foreign invasion while dealing with an increasingly hostile Communist insurgency. As a result of the Communist victory in the Chinese civil war, a defeated Japan looking inward, and a dwindling presence of the former colonial powers in the region (primarily France and Great Britain), the Chinese Communist Party increasingly became the dominant power in Southeast Asia beginning in the 1950s. The Chinese government, however, failed to secure much of their claims in Southeast Asia. In a show of force, “in 1946, the ROC [Republic of China under Chang Kai-Shek] government dispatched warships to ‘recover’ the Paracel and Spratly Islands. In a world that emphasized effective control rather than historical claims, China could have kept its troops there to exercise effective control of those territories and establish China’s unbroken and unchallengeable possession of those islands. Chinese leaders are themselves to blame for failing to do so and neglecting the South China Sea Islands for decades thereafter.”³¹ Under the leadership of Mao Zedong, China grew out of its isolationist and xenophobic state and opened up slightly to the West in the 1970’s with visits by Henry Kissinger and President Richard Nixon. After Mao Zedong’s death in 1976, China entered a new era marked by the reform of policies made under Mao and a more confident foreign policy stance that sought to reassert China as a global power.

Current Chinese Policy on the South China Sea

Even though the Chinese Communist Party (CCP) remains the only legal political party in their system of government, the CCP has not been without its own internal disagreements on a South China Sea policy. As one analyst has noted, “At its crudest, this disagreement can be characterized by two camps. The first believes that, after centuries of humiliation, China has earned the right to push its claims forcefully and, now that it has the diplomatic and military means to do so, it need no longer stand idly by while its interests are undermined by weaker neighbors. The second camp consists of those who are not yet ready to abandon Deng Xiaoping’s 1978 dictum shelving sovereignty disputes in favor of joint development.”³² This split in Chinese positions is significant not just for their policy implementation, but because it may be a signal of the Communist Party’s slipping grip on its façade of unanimous policy making. The U.S. – China Economic and Security Review Commission explained in its November 2011

annual report to Congress that “as China has expanded its overseas interests, the number of voices affecting Chinese foreign policy also has increased. Chinese state-owned enterprises (SOEs), banks, think tanks and academic institutions have increasing influence on China’s foreign policies. As a result of the growing number of players influencing China’s foreign policy-making process, coordination among the various actors is more difficult for Beijing.”³³ Thus, it is important to understand that there are significant differences within the CCP over how to approach China’s claims to the South China Sea. However, it is unclear just how vital the South China Sea debate is to China’s leaders and their foreign policy overall.

Professor Hao believes there is a hierarchy of “interests” on which China ranks its foreign policy goals. “Theoretically speaking, China’s national interests consist of three levels: *vital* interests, *important* interests, and *general* interests. *Vital* interests refer to national unity and territorial integrity. Taiwan issue [sic], Tibet issue and Xinjiang issue are all examples of such interest, which are not negotiable and should be safeguarded at any cost. *Important* issues require the country’s great attention. The South China Sea issue belongs to this level, and the Chinese government, as well as the Chinese people, should take necessary measures to protect and guard. At the same time, China also needs to negotiate with countries involved in this issue so as to find a satisfactory solution to the problem.”³⁴ (Emphasis added) This is an intriguing position for a professor from one of China’s most prominent universities to take. Despite official Chinese proclamations that nearly the entire South China Sea is its own sovereign territory, Professor Hao is arguing that it deserves to be relegated to a lower level of priority with some room for negotiation.

The U.S. – China Economic and Security Review Commission heard testimony from Susan Lawrence, a Congressional Research Service specialist on China, on “semi-official actors” in China’s foreign policy debates who stated the following: “[There is an] interesting relationship between scholars and the government. On the one hand, they sometimes will present themselves as being independent analysts of the situation, and yet there are classes of scholars who are cleared by the government to essentially speak for it and also to run with certain kinds of ideas and see what kind of response they get from them.”³⁵ It is unknown whether Professor Hao is one of those “cleared” speakers, but the Commission does mention her “Strategy and Conflict Research Center” as affiliated with the China Foreign Affairs University – which has strong ties to the CCP.³⁶ While Professor Hao’s statement is intriguing, it is not the official Chinese Communist Party policy. It does, however, serve as a possible idea that could receive consideration in the future if Chinese officials believe it would be in China’s best interests.

The U.S. – China Commission believes that the most important foreign policy-makers reside within the Chinese Communist Party under the State Committee. The Commission stated that the “most influential actors are the Politburo Standing Committee, the Foreign Affairs Leading Small Group, the

Ministry of Foreign Affairs, the PLA, and on a smaller scale, provincial governments.”³⁷ The Commission again heard testimony from Susan Lawrence stating that President and Party Chairman Hu Jintao and Vice President (and likely successor) Xi Jinping are the two leading foreign policy experts in the Politburo.³⁸ The Politburo contains no members of the People’s Liberation Army (PLA) unlike previous decades; however one of the Politburo members is always head of the Central Military Commission (CMC), thus representing the military’s interests indirectly. The current chairman of the CMC is President Hu Jintao.

The PLA has historically been seen as one of the largest controlling interests in the Chinese Communist Party, but a recent survey of the literature may suggest otherwise. The National Defense University (NDU) recently published a report that examined the last 20 years of academic literature on the role of the PLA in civil-military relations. It specifically addressed the PLA’s willingness to support the CCP, political influence within the CCP, and its ability to shape the domestic political scene. NDU found that, “Over the last two decades the discussion of these three issues has largely been shaped by five trends identified in the literature: increasing PLA professionalism, bifurcation of civil and military elites, a reduced PLA role in political institutions, reduced emphasis on political work within the PLA, and increased military budgets. Together these trends are largely responsible for the markedly reduced role of the PLA in Chinese elite politics.”³⁹ While the PLA receives large increases in their budgets each successive year, it does not follow that the Chinese Communist Party necessarily approves of PLA policy or its political influence.

While the National Defense University believes PLA influence is declining in CCP politics, some experts that testified before the U.S. – China Commission have a different perspective. The Commission heard testimony from David Helvey, principal director for East Asia for Asia Pacific Security Affairs at the Department of Defense, who said, “[a]s China’s interests have expanded, there is a greater intersection between China’s defense and foreign policies, giving the PLA a greater role in shaping debates – particularly public debate – on foreign and security policy.”⁴⁰ A University of Virginia scholar, Yu-Wen Julie Chen, also testified that the PLA “had ‘trespassed on the Foreign Ministry’s conventional role as the mouthpiece of foreign affairs’ and has been more willing to publicly express opinions that differ from those of the senior civilian leadership.”⁴¹ The Commission goes on to speculate whether the increasingly aggressive tactics used by the PLA signals its desire to become more independent or whether it is simply the CCP’s large bureaucracy failing to communicate and coordinate their policies as mentioned earlier.⁴² Much like how the CCP uses Chinese academics to float foreign policy ideas to gauge their effects, the CCP may also be using hawkish defense officials to present some of their ideas in order to gauge the international reaction.

One such example of a hawkish defense official speaking to the media is Defense Minister Liang Guanglie who said in December of 2010, “in the coming five years our military will push forward preparations for military conflict in every strategic direction... We may be living in peaceful times but we can never forget war.”⁴³ As one analyst has noted, however:

In private, Chinese civilian experts are prone to dismiss the more hawkish statements made by PLA commentators as the result of internal jockeying both within the military and between military and civilian interests. There is, to be sure, only limited evidence that the more bellicose statements are representative of the top Chinese leadership. Yet, PLA officers require prior authorization from the Central Military Commission before talking to the media on policy issues. What we are hearing is either government sanctioned and intended to help the leadership deniably explore China’s more hawkish options, or evidence of a growing gap between civilian and military interpretations of Chinese interests in the South China Sea.⁴⁴

For the United States, this is a troubling turn in Chinese foreign policy. The basis for almost any negotiations, a tool which the United States hopes China will use to solve its South China Sea disputes, is a common understanding of the other side’s position on the issue. If China is unable to produce a unified policy on the South China Sea then it will only cause more internal dissent within the CCP and misunderstandings (or miscalculations) on the geopolitical level with grave consequences.

As further evidence for China’s conflicting views on the importance of the South China Sea, the *New York Times* recently reported that “one or more Chinese officials had labeled the South China Sea as a ‘core interest.’ But despite those remarks and the public debate that came later, Chinese officials have not explicitly come out with a policy statement describing the South China Sea as such – nor have they denied it.”⁴⁵ One analyst of the situation noted that “What the Chinese officials actually said, whether they intended to change Beijing’s policy by elevating the status of their country’s interests there, and whether they were authorized to do so, remain unclear. What is clear is that the report of this apparent escalation quickly turned the question into a political football in China, with arguments developing between liberals and hardliners across the party and government...”⁴⁶ Despite China’s multiple competing claims of “core interests” in the South China Sea, recent years have shown an increase in aggressive rhetoric from the top civilian foreign policy officials.

In 2002, however, the future of the South China Sea conflict looked slightly brighter as China and the Association of Southeast Asian Nations (ASEAN) signed a declaration on South China Sea maritime disputes. At the 2010 ASEAN Regional Forum (ARF), U.S. Secretary Clinton said that “the U.S. supported a collaborative process in resolving the territorial disputes there [the South China Sea]; and that the U.S. supports the 2002 ASEAN – China declaration on the conduct of parties in the South China Sea.”⁴⁷ The “Declaration on the Conduct of Parties in the South China Sea” states in Part 4:

The Parties concerned undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force, through friendly

consultations and negotiations by sovereign states directly concerned, in accordance with universally recognized principles of international law, including the 1982 UN Convention on the Law of the Sea;...”⁴⁸

As will be described later in this paper, critics of China’s South China Sea policy believe it has not acted in accordance with its declaration promises and continues to flaunt its principles while paying lip service to resolving disputes peacefully.

The overriding CCP policy across civilian and military pronouncements on the South China Sea is that it is sovereign national territory and China is the greater power in the negotiations. One analyst has noted that “When discussion turns to diplomacy and a negotiated resolution to the dispute, Beijing persists in reminding all other claimant countries that the South China Sea is Chinese sovereign territory and refuses to negotiate unless the parties accept China’s indisputable sovereignty. To date, China’s tactic is to engage in talks only bilaterally and avoid objective adjudication through UNCLOS procedures or any outside parties.”⁴⁹ The U.S. – China Commission echoes this sentiment saying, “Notwithstanding China’s intermittent displays of cooperation, China’s expanding military, commercial, and rhetorical assertiveness in the South China Sea indicates that China is unlikely to concede any of its sovereignty claims in the area.”⁵⁰

As if to reinforce the point in the most blunt manner possible, the *Washington Post* reported that after U.S. Secretary of State Clinton delivered an address on the United States’ interests in the South China Sea and its wish for international settlement, the Chinese foreign minister “glared at a Singaporean diplomat and pronounced, ‘China is a big country and other countries are small countries, and that’s just a fact.’ More telling of China’s opinion of its position among nations, the following Monday China’s Foreign Ministry posted a statement that ‘China’s view represented the interests of ‘fellow Asians.’”⁵¹ Chinese officials clearly believe that the United States expression of a national interest in keeping South China Sea maritime disputes under control was threatening to China’s overall strategic position relative to its neighbors. As such, the United States was singled out as the only country mentioned by name in China’s annual 2011 defense white paper. The United States was mentioned under the section “threats and challenges” for its support of Taiwan.⁵² China’s aggressive, yet fractured, statements on the South China Sea may be a product of China’s diverse interests in the area. The next section of this paper will explain China’s complex incentives for acting in a hegemonic way in the South China Sea.

What Motivates China’s Policies in the South China Sea?

As China becomes further integrated into the worldwide economy, its interests will naturally grow beyond its borders. The following section will describe three broad categories that encompass China’s motivations for its aggressive foreign policy regarding the South China Sea. The first category is that of “security motivations” which includes foreign and domestic security issues that China finds significant. The second, “political motivations” in the South China Sea, will describe why China uses the

rhetoric it does for domestic and international gain. The third category is “economic motivations” for China’s South China Sea policy. During the last decade, China’s economy has grown at breakneck speed which only increases China’s interests in one of its most vital waterways: the South China Sea.

Security Interests. The pirates around the Horn of Africa have received a lot of press coverage recently by taking hostages and holding them for ransom on their ships or on shore; but the pirates of the South China Sea have also caused China and the surrounding nations trouble. Pirates in and around the South China Sea have stepped up their attacks in recent years and have proven resilient against many nations’ countermeasures. The International Maritime Bureau (IMB) reported in January 2011 that “Indonesia saw its highest levels of armed robbery against ships since 2007. Thirty vessels were boarded, nine attacks were thwarted and one vessel was hijacked. Vessels were underway in 15 of the attacks. The South China Sea recorded 31 incidents, more than double the previous year. Twenty-one vessels were boarded, seven attacks attempted, two vessels were fired upon and one was hijacked.”⁵³ In fact, “Since the 1990s, about half of the reported events of piracy in the world have taken place in and around the South China Sea. Following the usage of the IMB, this includes the international legal definition of piracy as both theft on the high seas as well as armed robbery or theft in the territorial waters or ports of coastal states.”⁵⁴ The IMB even issued a warning specific to the South China Sea as recently as June 6th, 2011, cautioning all ships, especially tugboats, passing through the South China Sea to turn on their transmitters and beware of fast-approaching ships.⁵⁵ China has responded to the recent spike in piracy in multiple ways.

The first way the Chinese have responded is by reaching out to ASEAN and its member countries to work together on the issue of security in the South China Sea from pirates. On November 4th, 2002, China and the ASEAN member states signed the “Joint Declaration of ASEAN and China on Cooperation in the Field of Non-Traditional Security Issues” at the 6th ASEAN – China Summit in Phnom Penh. Included in this joint declaration was a promise to strengthen information exchanges, capacity building and practical cooperation on issues of piracy.⁵⁶ The declaration has had little effect however on China since it has not participated in any meaningful way with its neighbors on the issue. The Chinese have, however, sent two of its ships to the Horn of Africa in an anti-piracy effort with mixed results. As one recent Congressional Research Service report pointed out, “Naval observers and officials in the United States have noted the engagement of China with particular interest, as Chinese naval operations in the Horn of Africa region demonstrate the Chinese government’s desire and ability to protect international shipping lanes far from China’s shores.”⁵⁷ CRS and Reuters also note, however, that China has attempted to pay off the pirates twice (once successfully) in the last few months in return for hostages, despite having a military presence in the area.⁵⁸ Despite China’s seeming unwillingness to confront pirates so far away from their home port Chinese officials have begun investing in at least two types of ships for its

navy that can be used in anti-piracy operations.⁵⁹ Although pirates in the South China Sea remain a problem for China, it seems Chinese officials have placed a much higher emphasis on security issues pertaining to the United States.

China's recent reactions to the U.S. proclamation of a "national interest" in a free and secure South China Sea have ranged from muted disagreement to the Foreign Ministry's statement that it was "virtually an attack on China."⁶⁰ In response to increased U.S. pressure, the Chinese have developed what the U.S. – China Commission calls an "Area Control Strategy."⁶¹ Chinese officials view the U.S. military's eight bases within the first two island chains as a threat to Chinese security. Figure 4 illustrates the approximate locations of each base within the two island chains.

Reinforcing this perspective is the fact that the United States has a very close military alliance with Thailand and Philippines. USPACOM Commander, Admiral Robert Willard, described the United States relationship with the Thai government: "The Premier Exercise COBRA GOLD is a Thailand-hosted USPACOM multilateral exercise that includes seven participating nations (U.S., Thailand, Japan, South Korea, Singapore, Indonesia, and Malaysia) and observers from over 15 additional nations. COBRA GOLD is just one of many military exercises that we co-host with the Thais, each of which bolsters unique capabilities within our forces and develops key areas of interoperability with our Thai allies and other partners."⁶² The Admiral also described the U.S. relationship with Philippines as having a "long and unique history" and "underpinned by the 1951 Mutual Defense Treaty."⁶³ Both of these alliances, along with sales of U.S. weapons to countries in the area, continue to concern the Chinese because they perceive these U.S. actions as a direct threat towards China's political and military stability.

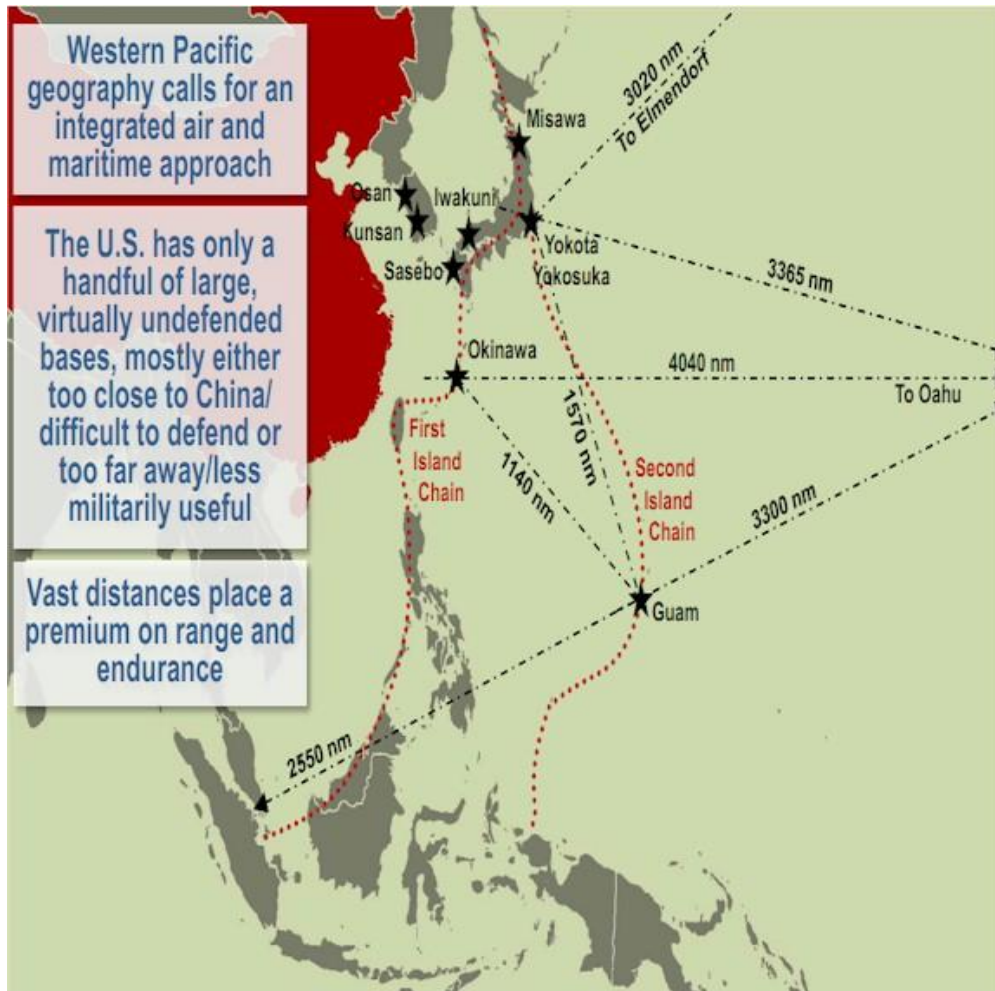


Figure 4. First and Second Island Chains and Position of U.S. Military Bases. Includes approximate distances to U.S. military bases as designated by the stars. Source: Jan Van Tol, Center for Strategic and Budgetary Assessments, AirSea Battle Slides, May 18, 2010, <http://www.csbaonline.org/wp-content/uploads/2010/05/2010.05.18-AirSea-Battle-Slides.pdf>.

Political Motivations for South China Sea Policy. The Chinese Communist Party has three main foreign policy themes that it has used for political guidance on the South China Sea in the past. The first is the “Five principles of Peaceful Coexistence” whose leading spokesman was Zhou Enlai in 1954. This dictum says that “States should conduct relations with one another on an equal basis, with high regard for sovereignty and non-interference in each other’s internal affairs.”⁶⁴ As a continuation of this policy, Deng Xiaoping proposed the “24 Character Strategy” which roughly translates to “Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership.”⁶⁵ Lastly, Chinese leaders have recently pursued themes which have greatly influenced foreign policy: “peaceful rise and peaceful development.” The theme of “peaceful rise” was originally proposed by Zheng Bijian, an influential foreign policy advisor to Hu Jintao. In 2005, however, the term “peaceful rise” was replaced with “peaceful development” which the CCP outlined as

“To take the road of peaceful development is to unify domestic developments with opening to the outside world, linking the development of China with that of the rest of the world, and combining the fundamental interests of the Chinese people with the common interests of all peoples throughout the world. China persists in its pursuit of harmony and development externally; the two aspects closely linked and organically united, are an integrated whole, and will help to build a harmonious world of sustained peace and common prosperity.”⁶⁶ Chinese officials brought up in the CCP all know these principles by heart, yet their increasingly aggressive actions in the South China Sea suggests that there may be a new shift in the emphasis of their foreign policy.

Another underlying political motivation for China’s foreign policy in the South China Sea is its concurrent pursuit of aggressive and conciliatory rhetoric simultaneously. One analyst has noted, “China, moreover, has pursued a ‘charm offensive’ in which it has downplayed traditional areas of dispute, such as territorial claims, and has combined formal trading arrangements with diplomatic initiatives, foreign assistance, and active participation in international organizations to assuage fears of its rising economic and security strength. Beijing increasingly is using soft power and has emphasized the ‘win-win’ aspects of increased economic and political interaction in its relations with Southeast Asian nations.”⁶⁷ China’s meteoric economic rise has created an elite business class within Chinese politics that are neither fully government officials nor solely businessmen free from political pressure. These businessmen put a different face on the CCP and their interests around the South China Sea that some nations find appealing. However, “Chinese leaders have become more assertive in diplomatic relations and more confident that their market-oriented socialism is superior to Western free-market capitalism. At some point, China may ride the tide of this national exuberance and attempt to assert control over what it considers to be its sovereign territory – as long as such actions do not threaten its economic growth rate.”⁶⁸ One expert has cautioned, “However, it remains unclear whether China’s recent softened tone reflects a broad shift in policy or is merely a tactic for dealing with the South China Sea issue.”⁶⁹ Whether China genuinely hopes to solve the disputes in the South China Sea through negotiations on fair terms is yet to be determined, although some of their previous settlements with surrounding nations may offer a clue.

China has often used its economic and military power to pressure diplomatic negotiations, in violation of the Law of the Sea Convention and the Joint Declaration with ASEAN, with other countries surrounding the South China Sea. In one example, “between 1992 and 2000 China and Vietnam negotiated their Gulf of Tonkin maritime boundaries. The basis for Vietnam’s claim in the Gulf was an 1887 treaty between France and China that established Vietnam’s modern borders. China, however, would not recognize the validity of the treaty or Vietnam’s historical claims. A treaty was eventually agreed to, but it was evidently so inequitable to Vietnam that Hanoi kept the terms secret for years. Eventually some of the terms leaked out, inflaming nationalist passions and threatening the stability of the

Vietnamese government.”⁷⁰ Philippine President Gloria Macapagal Arroyo, in 2004, attempted to keep the terms of an oil exploration agreement with China a secret, but also failed. After it was discovered that President Arroyo had allowed rampant Chinese intrusion on the Philippine EEZ, she became even less popular than the recently overthrown President Marcos.⁷¹ These examples would seem to indicate that China is more willing to pay homage to international negotiations and equitability in public, but in private diplomatic talks, China sees itself as the leader among the smaller nations surrounding it.

Economic Motivations in China’s South China Sea Policy. China’s rapid economic expansion has not only greatly expanded financial opportunities for its own citizens; it has boosted the economies of every nation surrounding the South China Sea. Each nation recognizes the South China Sea as its transit point to a greater world economy and has therefore focused many of its resources towards developing and protecting it. As Robert Kaplan puts it, “This outward collective push is located in the demographic cockpit of the globe, for it is Southeast Asia with its 615 million people, where China’s 1.3 billion people converge with the Indian subcontinent’s 1.5 billion people. And the geographical meeting place of these states, and their militaries, is maritime: the South China Sea.”⁷² As such, China considers the South China Sea the lifeline for its economy, and by extension, its political stability. The National Intelligence Council prepared a report that looks 15-20 years into the future and attempts to analyze the trends it sees currently. In respect to China’s economic growth and reliance upon trade, the NIC said, “In addressing these challenges, Chinese leaders must balance the openness necessary to sustain economic growth – essential to public tolerance for the Communist Party’s monopoly of political power – against the restrictions necessary to protect that monopoly. Facing so many social and economic changes, the Communist Party and its position are likely to undergo further transformations. Indeed, Communist Party leaders themselves talk openly about the need to find new ways to retain public acceptance of the Party’s dominant role.”⁷³ The CCP has good reason to be fearful of an economic downturn because “Outbreaks of ‘mass unrest,’ which sometimes include violent demonstrations against the government and its policies, have increased from 8,700 incidents in 1998 to over 120,000 incidents in 2008.”⁷⁴ The following section will discuss China’s economic interests in the South China Sea as well as some future scenarios China’s leaders are considering.



Figure 5. China's Gross Domestic Product projected three years. Source: Forbes and IMF⁷⁵

As China's export-based economy grows along its forecasted trend, the South China Sea will become ever more important. The International Monetary Fund has forecasted a steady 8.3 percent annual growth in China's economy for the next three years. Figure 5 shows a relatively unchanged trajectory that signals economists believe China's growth will be tempered by CCP policy. In fact, "The Chinese government has long been aware that maintaining growth in an economy so substantially dependent on exports and fixed investment is unsustainable, as articulated by Premier Wen in 2007, when he called the Chinese economy 'unstable, unbalanced, uncoordinated and unsustainable.'"⁷⁶ Despite concerns about their economy, Chinese officials have stated that:

[China is] building economic ties with Southeast Asia to advance Beijing's soft power... By 2009, China had become ASEAN's largest trading partner, accounting for 11.6% of ASEAN's total trade volume of around \$4.5tr... This is a remarkable achievement by China, given the legacy of historical mistrust combined with contemporary concerns over how China might ultimately seek to use its growing economic leverage to promote its national interests, and whether this might be at the cost of Southeast Asian states' international autonomy.⁷⁷

As a whole, China believes its economic expansion will also gain it territory in the South China Sea. Political expansion will seemingly follow economic expansion. As Robert Kaplan explains, "something deeper and more emotional than geography propels China forward into the South China Sea and out into the Pacific: that is, China's own partial breakup by the Western powers in the relatively recent past, after having been for a millennia a great power and world civilization... China's urge for expansion is a declaration that it never again intends to let foreigners take advantage of it."⁷⁸ It is through this perspective that China acts in the South China Sea, as a not so distant victim of gunboat diplomacy.

One of the key economic sectors driving Chinese growth is energy. In trying to keep pace with China's economic expansion, Chinese oil production has risen steadily, but not at the same pace as to

keep up with growing demand. As Figure 6 indicates, Chinese oil consumption is far outpacing its energy production capacity, which only increases Chinese reliance on foreign export markets.⁷⁹ In more concrete numbers, “China’s dependence on oil imports has already increased from 28% in 2001 to 50% in 2008.”⁸⁰ China recognizes this gap exists and is growing rapidly; which is why it seeks to gain more control over the South China Sea’s shipping lanes and increase its navy’s abilities.

China also realizes, however, that control of the South China Sea does not only mean securing its own destiny, it also means being able to shape the economies of the surrounding nations. As Tables 1 and 2 show below, China is only part of a rapidly expanding Southeast Asian economy that is just now realizing its potential. Europe and the United States are projected to remain relatively steady in their demand for oil in the future, but Asia will soon grow from 28% of the world’s demand to 38%. A greater demand for oil means greater sensitivity to disruptions. China’s energy demand is especially important because around 75% of China’s oil imports come from the Middle East and Africa, both politically volatile areas. China, therefore as one analyst suggests, “needs to place a high priority on getting as much future oil and gas as possible from its own territory, from offshore zones, or from other sources close to home. Consequently, Southeast Asia has become increasingly important for China’s energy security.”⁸¹ China has already begun its research into the quantity of hydrocarbons trapped beneath the South China Sea floor; however its methods have not always been diplomatic. “As one study indicates, ‘although China has offered joint development of the producing oil and gas fields on other claimants, its concept of joint development seems to involve joint development of the producing oil and gas fields on other claimants’ continental shelves and then only after China’s sovereignty has been recognized.’”⁸² As discussed earlier, China’s disregard for UNCLOS and its terms for settling geographic disputes has both military and economic consequences as it applies to the South China Sea and the surrounding nations.

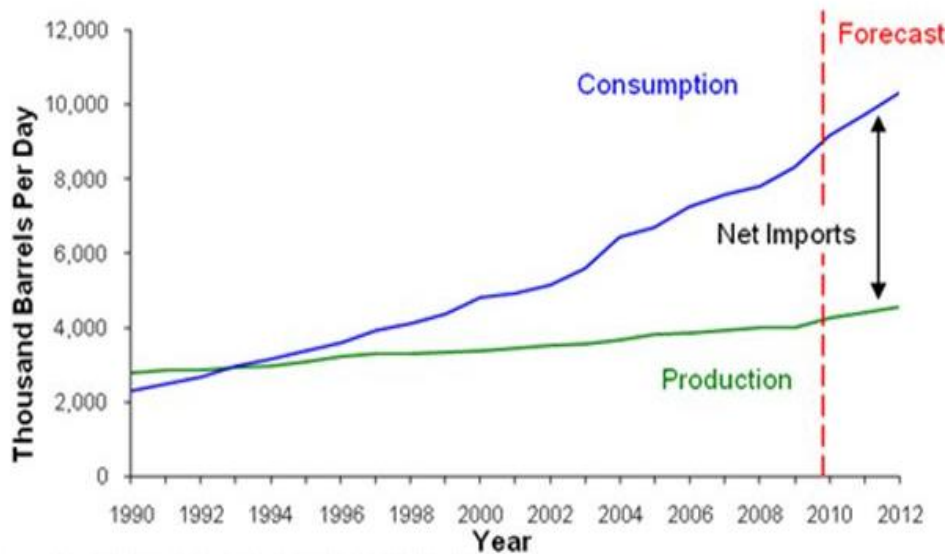


Figure 6. Forecast of Chinese oil production and consumption. Source: EIA Short-Term Energy Outlook April 2011.

Table 1. Energy Demand by Region (million tons of oil equivalent, % of Demand)

	1980		2000		2007		2015 (projected)		2030 (projected)	
OECD	4,050	56.0	5,249	52.4	5,496	45.8	5,458	40.5	5,811	34.6
U.S.	1,802	25.0	2,280	22.8	2,337	19.5	2,291	17.0	2,396	14.3
Europe	1,493	20.7	1,735	17.3	1,826	15.2	1,788	13.3	1,894	11.3
Pacific	464	6.4	832	8.3	877	7.3	892	6.6	943	5.6
Non-OECD	3,003	41.5	4,507	45.0	6,187	51.5	7,679	56.9	10,529	62.7
Asia	1,068	14.8	2,164	21.6	3,346	28.0	4,468	33.1	6,456	38.5
China	603	8.3	1,105	11.0	1,970	16.0	2,783	20.6	3,827	23.0
India	207	2.8	457	4.6	595	5.0	764	5.7	1,287	8.0
ASEAN	149	2.1	389	3.9	513	4.3	612	4.5	903	5.4

Source: Originally cited in Schofield, *Maritime Energy Resources*, 41.

In summary, China's economic motivations for its South China Sea policy are very strong and do not seem to lend themselves to negotiation. China appears to have a "China-first" foreign policy that seeks to advance China's interests over those of other nations. Whether China's proposed economic integration with ASEAN countries will produce an economic version of the "Democratic Peace Theory" (where countries rarely go to war because of similar government systems) remains to be seen. The future

of China and ASEAN in the waters of the South China Sea is hard to discern, but as the following table shows, the future looks like greater and greater amounts of oil imports will pass through the highly volatile South China Sea with the accompanying costs.⁸³

Table 2. Production and Consumption in China and some ASEAN States (millions of tons)

		2000	2001	2002	2003	2004	2005	2006	2007	2008
China	Production	162.6	164.8	166.9	169.6	174.1	181.4	184.8	186.3	190.4
	Consumption	223.6	227.9	247.4	271.7	318.9	327.8	351.2	369.3	376.0
Indonesia	Production	71.5	67.9	63.0	57.3	55.2	53.1	48.9	47.5	49.0
	Consumption	54.5	55.3	57.5	58.5	62.0	61.2	58.3	59.5	59.1
Malaysia	Production	33.7	32.9	34.5	35.6	36.5	34.3	33.5	34.2	34.6
	Consumption	21.3	22.0	23.9	23.6	24.5	23.9	23.4	24.8	24.8
Philippines	Production	-	-	-	-	-	-	-	-	-
	Consumption	16.6	16.5	15.5	15.5	15.9	14.8	13.3	14.0	12.3
Thailand	Production	7.0	7.5	8.2	9.6	9.1	10.8	11.8	12.5	13.3
	Consumption	38.7	38.0	40.8	43.9	48.4	50.6	50.1	49.2	49.0
Vietnam	Production	16.2	17.1	17.3	17.7	20.8	19.4	17.8	16.4	15.4
	Consumption	8.3	9.0	9.8	10.5	12.5	12.2	12.0	13.3	14.1

Source: Schofield, *Maritime Energy Resources*, 48.

Robert Kaplan summarizes the South China Sea situation well when he asserts the following:

The result is that all nine states that touch the South China Sea are more or less arrayed against China and therefore dependent on the United States for diplomatic and military support. These conflicting claims are likely to become even more acute as Asian spiraling energy demands – energy consumption is expected to **double by 2030** [emphasis original], which China accounting for half that growth – make the South China Sea the ever more central guarantor of the region’s economic strength. Already, the South China Sea has increasingly become an armed camp, as the claimants build up and modernize their navies, even as the scramble for islands and reefs in recent decades is mostly over. China has so far confiscated 12 geographical features, Taiwan one, Vietnam 25, the Philippines eight, and Malaysia five.⁸⁴

Overall, China has dedicated a great amount of resources to develop and defend the South China Sea; however it is still unclear what their strategic goal is for the contested maritime area. The United States,

and the rest of the world, is eagerly watching, however; one tried and true measurement of how a regime is willing to act: the military.

CHAPTER THREE: CHINA'S MILITARY FORCES, STRATEGY, AND MANIFESTATIONS

China's Military

The following chapter will detail China's rapid military buildup and modernization, its military strategy and what it means for its plans in the South China Sea. The PLA (which includes the navy, air force and their version of marines) has become the largest military in all of Asia, yet is largely untested in combat situations. As one commentator has noted, "the PLA has not fought an actual war since 1979. Yet during the last 3 decades, fundamental changes have taken place on the battlefield and in the conduct of war. Since the PLA has not fought since 1979, it had no experience in the changing face of war, and thus could not follow Mao Zedong's admonition to 'learn by doing'..."⁸⁵ This lack of experience could lead to disastrous miscalculations at the strategic, operational and tactical level given China's contentious policies in the South China Sea. To begin the analysis of China's intentions in the South China Sea, it is first important to understand the military itself and the resources it has been given by the CCP.

Chinese officials reported on March 4, 2011, that the military budget for China for the year was \$91.5 billion, a 12.7% increase from the previous year's budget.⁸⁶ The Department of Defense (DoD), however, believes that what China reports to the media is actually only about 60% of what it actually will spend on its military. The actual DoD estimate for China's military budget in 2011 is \$160 billion, though they add that transparency issues are notoriously rampant within the Chinese military and the budget process itself.⁸⁷ The U.S. – China Commission also notes that between 2000 and 2010, the Chinese defense budget has grown at an average pace of 12.1% per year, which closely parallels China's economic growth rate.⁸⁸ The Chinese defense budget, importantly, does not include foreign weapons procurement, which further dilutes their stated military budget numbers.⁸⁹ The PLA's rapid expansion, however, may have come with unintended consequences such as a lack of training and strategic focus. As the National Defense University notes about the PLA Navy (PLAN), "The PLAN has a way to go before it can operate effectively out of area [beyond its surrounding seas]."⁹⁰ China's leadership has not just been indiscriminately buying weapons systems, however. They show a strategic perspective that is more focused on its long-term capabilities than its short-term political goals.

China's "military buildup" should probably be labeled a "modernization" because, while China's raw numbers have increased in some areas, China's true intention is to have a military that is as technologically advanced as Russia and the United States. The Chinese have made considerable progress in just the last decade in producing its own weapons systems while relying less upon foreign suppliers. As Russia and India jointly develop the PKA FA jet fighter, their attempt at a fifth generation fighter, the

Chinese have responded by testing the J 20 jet fighter that, when operational, is meant to challenge the U.S. F-22 Raptor. As the DoD notes in its 2011 annual report on China, “In all areas, China is increasing the quality of its output and surge production capabilities, if not capacities. However, many of China’s most advanced systems are still based heavily on foreign designs copied through reverse engineering, highlighting a persistent weakness in China’s capability for overall system design and integration.”⁹¹

Figure 7 illustrates the rise in China’s defense production. The PLAN’s submarine forces have increased the most rapidly in the last decade from barely 10% modern to over 50% modern. Because China’s leadership seems to have shifted its strategic focus to anti-access / area denial (A2/AD), a concept that will be discussed later in this chapter, the PLA Navy has taken on greater roles and responsibilities as the guarantors of the South China Sea.⁹² Table 3 provides a good overview of the PLA Navy’s force posture.⁹³

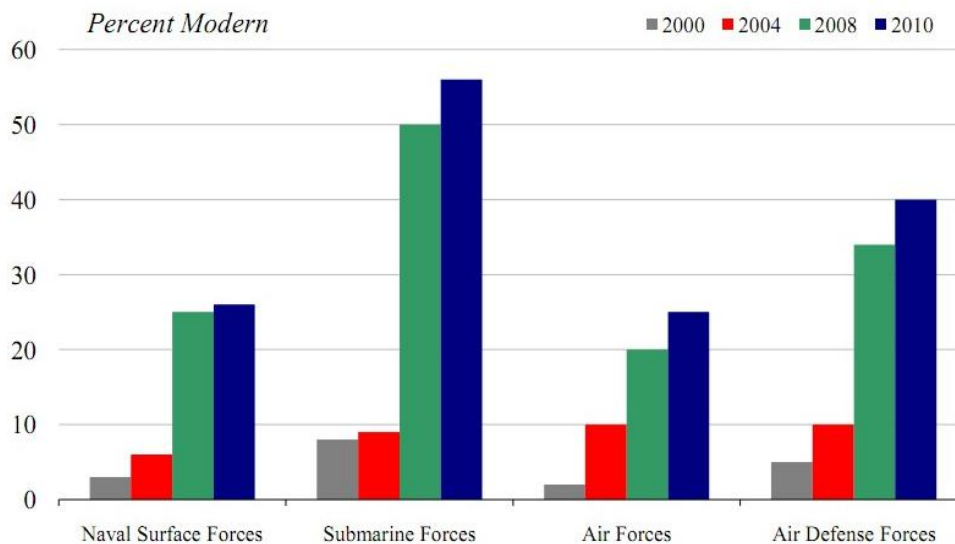


Figure 7. As quoted in the Department of Defense report: “PLA Modernization Areas 2000-2010. This graphic compares the expansion of modern operational systems within the PLA in 2000, 2004, 2008, and 2010.” The percentage of the Chinese military that is modern relative to other leading countries’ technology. Defense of Defense, Annual Report to Congress, 43.⁹⁴

Taiwan Strait Military Balance of Naval Forces

	China		Taiwan
	<i>Total</i>	<i>East and South Sea Fleets</i>	<i>Total</i>
<i>Destroyers</i>	26	16	4
<i>Frigates</i>	53	44	22
<i>Tank Landing Ships/ Amphibious Transport Dock</i>	27	25	12
<i>Medium Landing Ships</i>	28	21	4
<i>Diesel Attack Submarines</i>	49	33	4
<i>Nuclear Attack Submarines</i>	5	2	0
<i>Coastal Patrol (Missile)</i>	86	68	61

Table 3. The spread of China and Taiwan's naval forces around their respective coastlines.

The goal of China's naval modernization effort is best described by Ronald O'Rourke, Congressional Research Service Naval Affairs Specialist, in his 2011 report on China's navy: "observers believe that China wants its military to be capable of acting as a so-called anti-access force – a force that can deter U.S. intervention in a conflict involving Taiwan, or failing that, delay the arrival or reduce the effectiveness of intervening U.S. naval forces."⁹⁵ As such, the Chinese Navy should be judged based on their strategic goals and not in comparison to U.S. Navy capabilities.

China's surface ship fleet has expanded a great deal in recent years, but it is China's most recent addition to its fleet that has proven to be the most widely reported: the ex-Ukrainian aircraft carrier *Varyag*. The U.S. Department of Defense believes the aircraft carrier may become operational by late 2012, but it will take an additional couple of years for China to outfit their planes with the necessary equipment (and train their pilots) to take off and land on the flight deck.⁹⁶ The *Varyag* is smaller than most U.S. aircraft carriers. It has an estimated, "full load displacement of about 65,000 tons, and might accommodate an air wing of 30 to 50 aircraft... By comparison, a U.S. Navy aircraft carrier has a full load displacement of about 100,000 tons, and can accommodate an air wing of 70 or more aircraft."⁹⁷

The U.S. – China Commission reports that China has built two facilities on land that mimic the *Varyag's* "ski jump" deck and will be used to help train pilots.⁹⁸ There are also unconfirmed press reports that China is also building a second indigenously made aircraft carrier that may become operational by 2019-2020.⁹⁹ These aircraft carriers would significantly extend the range at which China could project its

power, however, it will take many years and multiple sea trials before the aircraft carrier and its crew are ready to deploy and operate effectively in any conditions.

Just as important as the aircraft carrier, however, are the surface combat ships that escort it. China has made significant purchases and indigenous upgrades to its destroyers and frigates in the last decade. The Office of Naval Intelligence (ONI) reports that the most significant upgrade to its surface fleet “has been its shipboard area air defense (AAD) capability.”¹⁰⁰ In addition, the Department of Defense estimates that “China’s current force structure improvements will provide the PLA with systems that can engage adversary surface ships up to 1,850km [~1,150 miles] from the PRC coast.”¹⁰¹ These ships are all characterized by their flexibility in deployment, relative speed and upgradable defenses, especially the missile systems. One of the largest quantitative growths in the PLA Navy’s ships is its *Houbei* (Type 022) fast attack watercrafts. These ships are meant to guard the coast and littoral waters carrying up to eight YJ-83 ASCM (Anti-ship Cruise Missiles), which allows the larger ships to concentrate on “blue water” missions and operate farther from the coast.¹⁰² Table 4 is a good indication of where the Chinese leadership believes resources need to be concentrated in the PLA Navy.

The ONI’s figures in the chart present an interesting outlook as many of the projections for 2015 and 2020 remain relatively stable or even drop. This shows that the PLAN is working to modernize its ships, which adds to the fleet, while selling or scrapping the old ships. China’s submarine force has also become quite prominently featured in the Chinese defense budget. As the most modernized section of the Chinese military since 2000 (see Figure 7 above), submarines are increasingly producing strategic obstacles for U.S. naval planning. According to RAND Corp., “China now has 29 submarines armed with anti-ship cruise missiles, compared with just eight in 2002.”¹⁰³

Numbers of PLA Navy Ships and Aircraft

	1990	1995	2000	2005	2009	Projection for 2015	Projection for 2020
<i>Ships</i>							
Ballistic missile submarines	1	1	1	2	3	4 or 5?	4 or 5?
Attack submarines (SSNs and SSs)	80	82	65	58	59	~70	~72
SSNs	5	5	5	6	6	n/a	n/a
SSs	75	77	60	52	53	n/a	n/a
Aircraft carriers	0	0	0	0	0	1?	2?
Destroyers	14	18	21	25	26	~26	~26
Frigates	35	35	37	42	48	~45	~42
Subtotal above ships	130	136	124	127	136	~146 or ~147?	~146 or ~147?
Missile-armed attack craft	200	165	100	75	80+	n/a	n/a
Amphibious ships	65	70	60	56	58	n/a	n/a
Large ships (LPDs/LHDs)	0	0	0	0	1	~6?	~6?
Smaller ships	65	70	60	56	57	n/a	n/a
Mine warfare ships	n/a	n/a	n/a	n/a	40	n/a	n/a
Major auxiliary ships	n/a	n/a	n/a	n/a	50	n/a	n/a
Minor auxiliary ships and support craft	n/a	n/a	n/a	n/a	250+	n/a	n/a
<i>Aircraft</i>							
Land-based maritime strike aircraft	n/a	n/a	n/a	n/a	~145	~255	~258
Carrier-based fighters	0	0	0	0	0	~60	~90
Helicopters	n/a	n/a	n/a	n/a	~34	~153	~157
Subtotal above aircraft	n/a	n/a	n/a	n/a	~179	~468	~505

Table 4. Number of People's Liberation Army Navy Ships. All figures cited by CRS are originally produced by the U.S. Office of Naval Intelligence. Source: O'Rourke, *China Naval Modernization*, 29.

Figure 8 shows how much the Chinese investment in its submarine forces has paid off in the last decade in terms of stealth. For reference's sake, a *Song* class submarine (middle of the graph) surfaced in the middle of a U.S. aircraft carrier battle group in late 2007 somewhere between Taiwan and Japan.¹⁰⁴ The relative sophistication of the Chinese submarine fleet took the United States by surprise and brings with it a new challenge to U.S. naval power in the region.

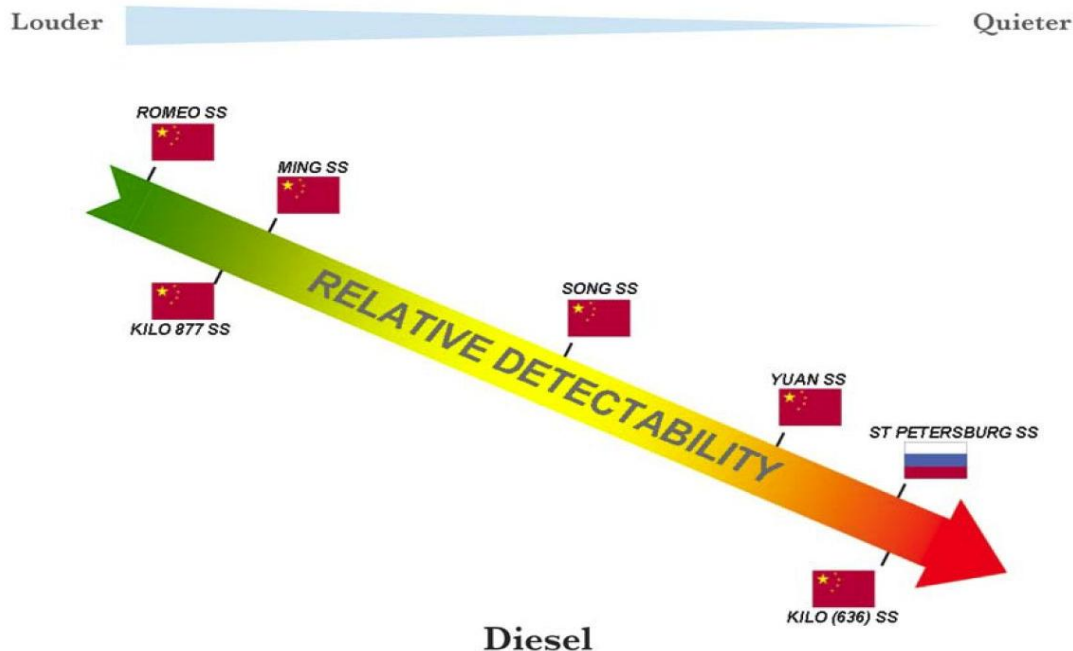


Figure 8. Relative Quietness of Chinese submarines as compared to Russia's diesel submarine *St. Petersburg SS*. Source: O'Rourke, *China Naval Modernization*, 13.

Some of China's largest technological strides recently have been in its missile sector – particularly anti-ship missiles. Of greatest concern to the United States is China's new DF-21D anti-ship ballistic missile (ASBM). As Ronald O'Rourke notes:

China for several years has been developing and testing an anti-ship ballistic missile which is a theater-range ballistic missile equipped with a maneuverable reentry vehicle (MaRV) designed to hit moving ships at sea... For this reason, some have referred to the DF-21 as a 'game-changing' weapon. Due to their ability to change course, the MaRVs on an ASBM would be more difficult to intercept than non-maneuvering ballistic missile reentry vehicles.¹⁰⁵

The Department of Defense provides a guide to the missile in their 2011 Report to Congress (see Figure 9). Various press reports question whether the DF-21D is currently operational or still in the testing phase. However, the U.S. – China Commission cites a press report where Admiral Willard, U.S. Commander of PACCOM, told a reporter that "I would gauge it [the DF-21D] as about the equivalent of a U.S. system that has achieved IOC [initial operational capability]."¹⁰⁶ In terms of the U.S. military, when a weapons system has reached IOC, it means that it can be deployed but still must go through a couple more years of testing (which the Admiral believes the DF-21D will do).¹⁰⁷ The Department of Defense believes the DF-21D has a range that exceeds 1,500 km (about 810 nautical miles) but China has publicly stated it has a maximum range of 2,700 km (about 1,460 nautical miles).¹⁰⁸

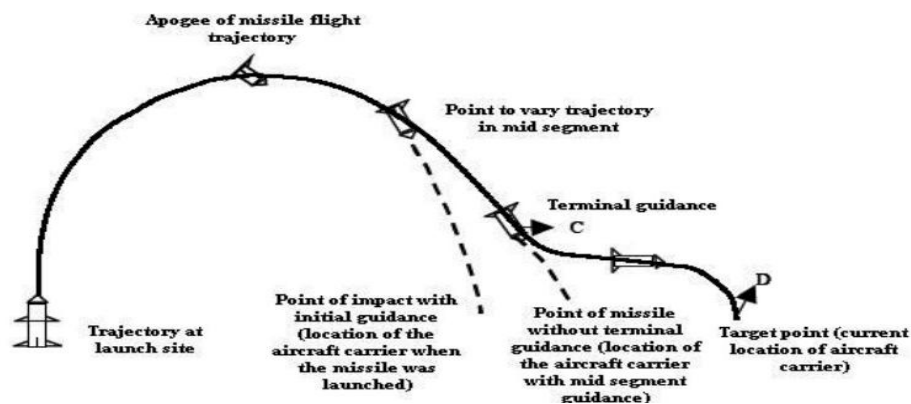


Figure 9. Trajectory of China's anti-ship DF-21D missile from launch to impact. Source: Department of Defense, *Annual Report to Congress*, 28.

A Note on China's Asymmetric Warfare Capabilities

As China builds up its conventional capabilities, the U.S. Department of Defense recognizes that Chinese military strategy is actually increasing its emphasis on asymmetric warfare – a strategy that would avoid a classic force on force conflict with the United States, opting instead for indirect destruction and disruption. “In practice, this strategic evolution has prompted a major shift toward investments in asymmetric, network-centric warfare and A2AD capabilities that are intended to deny elements of the modern battle space to potential enemies. According to the 2008 Defense White Paper, these guidelines emphasize fighting and winning local wars under conditions of informatization and building toward integrated joint operations, with a stress on asymmetric warfare to ‘make the best use of our strong points to attack the enemy’s weak points.’”¹⁰⁹ While American analysts have termed China’s defense policy as “anti-access” or “area-denial,” the actual Chinese term for their strategy gives analysts in the West some insight into their thinking. “The Chinese term for their approach to this broader challenge [of American military superiority] is ‘using inferiority to defeat superiority’... Chinese doctrinal writings describe a wide range of actions and tactics consistent with how a militarily inferior country might defeat a militarily superior country, however, and many of these are things that we in the United States would regard as anti-access tactics.”¹¹⁰ In the South China Sea, this will most likely manifest itself in three types of warfare: cyber warfare, anti-space warfare and sea mine warfare. These three strategies will be discussed in the following section because of the PLA’s recent focus on them and because of their potential impact on the disputants in the South China Sea.

Cyber Warfare. Of all the forms of asymmetric warfare that China employs, albeit in a covert and unacknowledged way, cyber warfare and those citizens and soldiers who practice it have grown exponentially over the past decade. Admiral Robert Willard, US Commander of PACOM, stated in 2010 that cyber threats like the one from China will “challenge our ability to operate freely in the cyber commons, which in turn challenges our ability to conduct operations during peacetime and in times of

crisis.”¹¹¹ Indeed, the Chinese recognize the inherent practicality of a relatively cheap cyber attack which could disrupt machinery and computer networks that cost upwards of tens of millions of dollars. One expert on China’s cyber capabilities estimates that cyber espionage costs the United States around \$200 billion annually, with “the PRC being responsible for most of that burden.”¹¹² China has sought to incorporate its cyber capabilities into its military drills with mixed results. “From the late 1990s until 2005, the PLA conducted more than 100 military exercises involving some aspect of IW [information warfare], although the practice generally exposes substantial short falls. A similar number was probably conducted in the period from 2005 to 2010.”¹¹³ Figure 10 is provided in the U.S. China – Commission 2011 report and shows the number of attacks on U.S. DoD networks. It is impossible to trace the origin of each attack; however it appears that Chinese military officials or citizens are involved in a number of the attacks.

The Chinese cyber warfare capability could be used a number of ways in the context of an incident in the South China Sea. For example, one Indian communications satellite suffered a major malfunction in July 2010 due to a manufactured computer worm.¹¹⁴ During a crisis situation in the South China Sea, all of the claimants and outside parties would depend heavily on their communication systems working properly to coordinate a response. As a standalone capability, cyber warfare in any country is not as powerful of a tool without the country’s conventional capabilities. However, as stated earlier in this chapter, China has a mature modernization program for its conventional forces; and when combined with its cyber capabilities, the PLA may prove to be a powerful match for U.S. forces in Southeast Asia. As one expert contends, however:

China is condemned to inferiority in IW capabilities for probably several decades. At best it can employ asymmetric strategies designed to exploit the (perhaps relatively greater) dependence on IT by their potential adversaries... China’s cyber-warfare capabilities are very destructive, but could not compete in extended scenarios of sophisticated IW operations. In other words, they function best when used pre-emptively, as the PLA now practices in its exercises. In sum, the extensive Chinese IW capabilities, and the possibilities for asymmetric strategies, are only potent if employed first.¹¹⁵

As such, China has expanded its asymmetric capabilities to include weapons that target command and control infrastructure in a medium now considered essential to modern warfare: space.

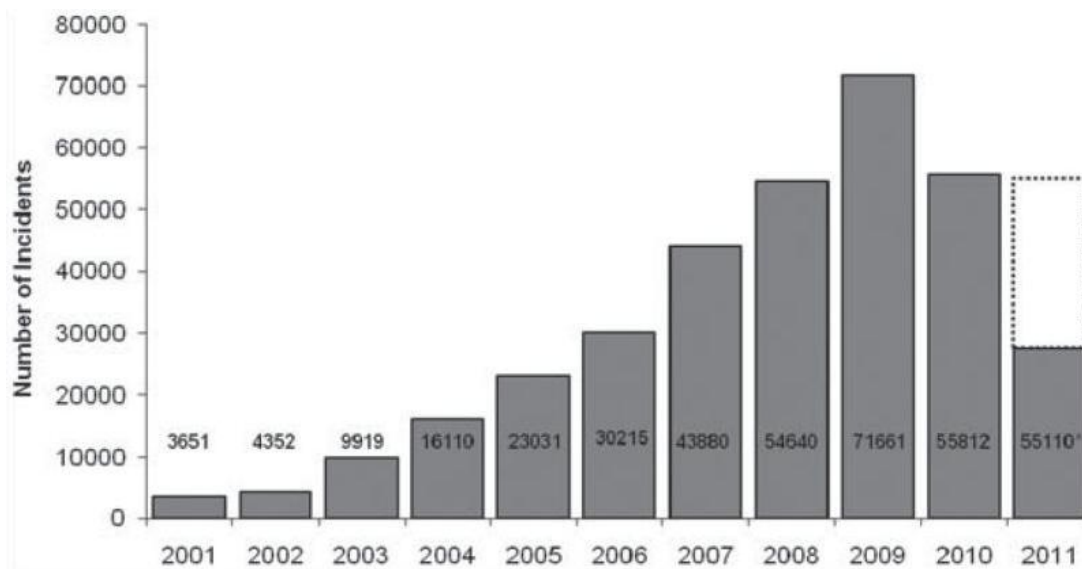


Figure 10. Malicious Cyber Activities on U.S. Department of Defense Networks. The number of reported incidents of malicious cyber attack upon U.S. Department of Defense networks without respect to origin. At the time of the publication, 2011 activity was projected. Source: U.S. – China Commission, *2011 Report to Congress*, 174.

Anti-Space Warfare. The nature of asymmetric weapons is one that targets the enemy’s weakest points, and space-based assets are by far the hardest for a nation to defend. As such, Chinese strategy has focused on gaining the capability to neutralize satellites with anti-satellite kill vehicles as well as lasers and jammers. Ronald L. Burgess, Director of the U.S. Defense Intelligence Agency, testified that the Chinese space program “supports China’s growing ability to deny or degrade the space assets of potential adversaries and enhances China’s conventional military capabilities.”¹¹⁶ While U.S. intelligence agencies have identified some of China’s space capabilities, the “fundamental problem we face is that China says little at an official level about its military space policy and doctrine. Chinese counterspace capabilities may be intended purely for deterrence purposes, to be used in warfare at a time of their choosing, or some combination of the two.”¹¹⁷ Operationally, the United States is heavily dependent on space-based command and control capabilities, as are other actors in Asia such as Japan and South Korea.

Other nations in Southeast Asia, like Vietnam, the Philippines or Malaysia have very few space-assets however; and as such, it appears that China is preparing for a confrontation with a nation that has advanced space-based capabilities, possibly over an issue in the South China Sea. Chinese anti-space weapons may be used to temporarily blind surveillance satellites over an area of military operation, or a more damaging scenario, to destroy communication satellites as part of a broader conventional strike. While China may not currently have the ability to permanently disable U.S. space capabilities, the “PLA certainly wants to be able to greatly weaken U.S. military power in wartime, and... could do so within a decade using its kinetic kill and other ASAT weapons if it chose to deploy them in large numbers, and thus pose a serious threat to U.S. space assets.”¹¹⁸ The strength of China’s space-based asymmetric

capabilities is its ability to target a technology-dependent country's weaknesses; however the strength of China's asymmetric naval warfare capabilities lies in its ability to inflict millions of dollars in damage to ships for only a few thousand dollars.

Sea Mine Warfare. After surveying nearly one thousand "Chinese language articles related to mine warfare," the U.S. Naval War College concluded that "China's naval mine inventory likely contains some of the world's most lethal systems and that Beijing may be on the cutting edge of mine warfare (MIW) technology and concept development."¹¹⁹ China has taken notice of the U.S. Navy's vulnerability to sea mines. One such example is when, in February 1991, "the billion-dollar Aegis cruiser USS *Princeton* (CG 59) suffered a 'mission kill' from an Iraqi-laid Italian Manta multiple-influence bottom mine costing about \$25,000..."¹²⁰ Chinese officials, therefore, have begun to seriously consider the advantages of mine warfare and its application to its area-denial strategy. As one expert warns, "These 'weapons that wait' are the quintessential naval asymmetric threat, pitting adversaries' strengths against what they perceive as naval and maritime weakness. Indeed, sea mines are key to regional navies' anti-access / area-denial (A2/AD) and sea-control strategies and operations."¹²¹ Chinese naval analysts have even considered the theoretical pursuit of placing a tactical nuclear weapon in a sea mine as part of its larger A2/AD strategy.¹²² What is particularly menacing about the Chinese mine warfare capabilities is that the Chinese have a diverse selection of "dumb" impact mines as well as "smart" self-navigating and remote-controlled mines that could possibly be used in the South China Sea.

It seems counter-intuitive that China would use sea mines that could destroy enemy ships just as easily as it could China's own commercial or military vessels in a South China Sea conflict. However, not only has China developed remote-controlled mines that can deactivate when "friendly" ships pass by,¹²³ it has also explored the psychological concept of mine-laying. As one expert has explained, "The fundamental goal of a minefield is to deny access, not to damage or destroy a specific ship or submarine. Mines, or simply psychological uncertainty about them (what weapons are actually in the water, and where?) can have intended effects even without firing."¹²⁴ China's sea mine warfare is an often overlooked asymmetric capability that poses a threat not just to U.S. shipping interests, but to those ships of any other country that seeks innocent passage through the South China Sea. As China's anti-access capabilities, conventional and asymmetric, expand, the geographic area which the U.S. must analyze and account for in its planning must also expand.

Figure 11 is taken from the DoD annual report to Congress on China and it shows the range of China's anti-access capabilities. The first ring would be classified as "area-denial" – defined as: "those actions and capabilities usually of shorter range, designed not to keep an opposing force out, but to limit its freedom of action within the operational area."¹²⁵ The second and third outer rings would be classified

as “anti-access” – defined as: “those actions and capabilities, usually long-range, designed to prevent an opposing force from entering an operational area.”¹²⁶

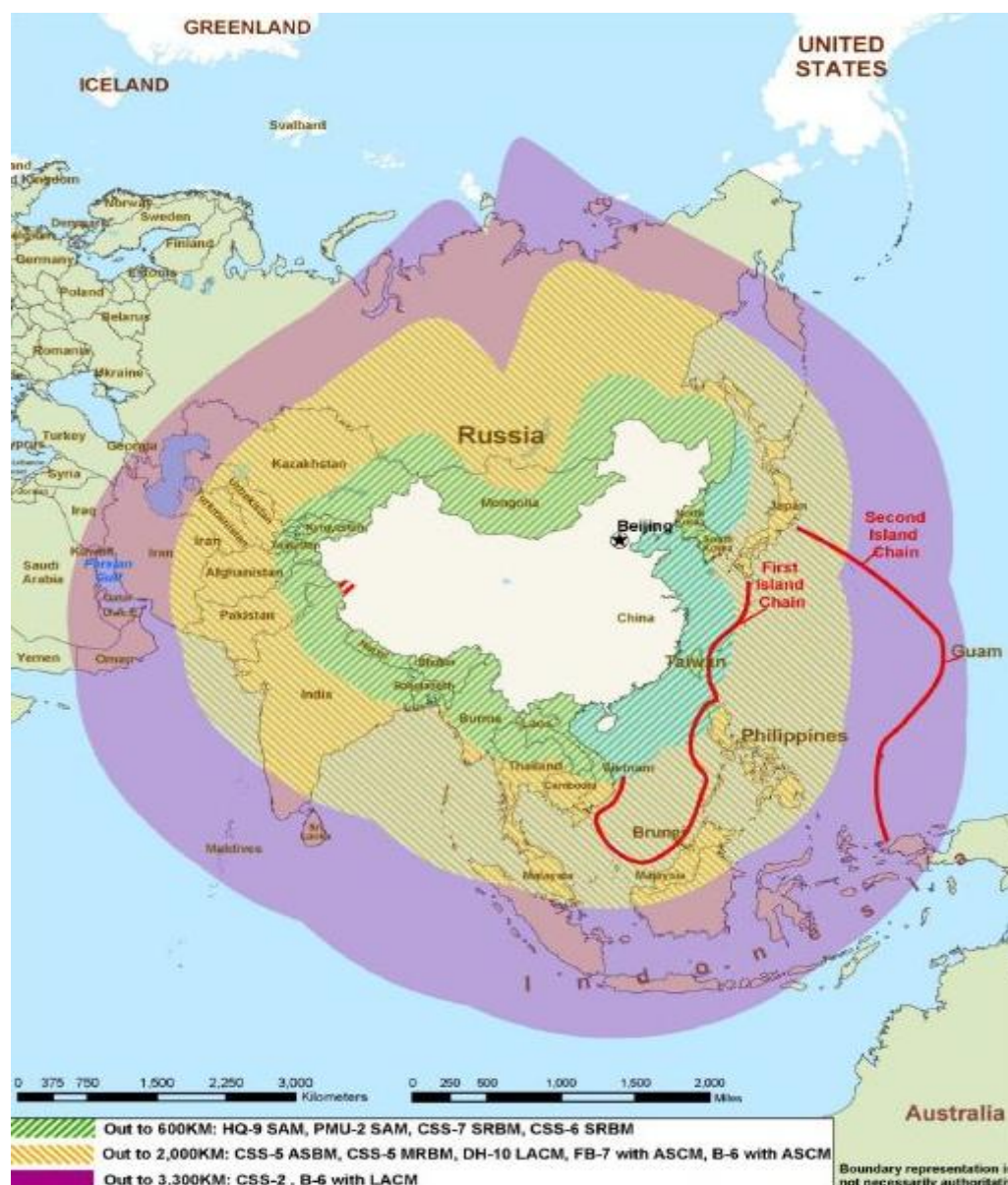


Figure 11. China’s Anti-Access and Area Denial Capabilities. The relative ranges of China’s A2/AD missile capabilities with respect to the first and second island chains. Source: Department of Defense, Annual Report to Congress, 31.

China’s Anti-Access and Area-Denial Strategy

The Department of Defense believes that the new Chinese grand strategy is translated as “Active Defense” and applies to all PLA activities in the region. The Chinese have described their military strategy as only defensive. “We attack only after being attacked. But our operations are offensive. Space or time will not limit our counter-offensive. We will not put boundaries on the limits of our offenses. We

will wait for the time and conditions that favor our forces when we do initiate offensive operations. We will focus on the opposing force's weakness."¹²⁷ The ambiguity on when the Chinese consider themselves "under attack" may be purposeful so that other countries may not provoke China so as to risk a reaction. A closer look at their naval strategic documents, however, reveals some of the Chinese missions for their navy: "keeping the enemy within limits and resisting invasion from the sea, protecting the nation's territorial sovereignty, safeguarding the motherland's unity and maritime rights."¹²⁸ This "Near Seas" strategy is often analyzed at the operational level, which is then called anti-access and area denial.

The U.S. – China Commission reports that the anti-access / area-denial strategy "provides guidance to the People's Liberation Army (PLA) on how to defeat a technologically superior opponent and can be summarized as having three themes. First it emphasizes degrading an opponent's technological advances in an effort to level the playing field. Second, it is a military strategy that prioritizes striking first in a conflict to seize the initiative. Third, its geographic focus centers on controlling China's periphery, especially the western Pacific Ocean."¹²⁹ The following paragraphs will analyze each of these themes individually.

First, the A2/AD strategy focuses on defeating a technologically superior opponent by "leveling the playing field" and taking away the opponent's access to the technology. The Center for Strategic and Budgetary Assessments (CSBA) has noted that this strategy is designed to, "Deny the United States operational sanctuary in space – the PLA is very aware of the U.S. reliance on space systems for ISR, C2, communications, precision navigations and precision timing."¹³⁰ The 2007 Chinese ASAT test may have been a practice run for this sort of strategy and its feasibility. A recently declassified assessment by the National Ground Intelligence Center (NGIC) noted that the Chinese have been experimenting with electro-magnetic pulse (EMP) weapons as early as 2005 for possible use against Taiwan or U.S. aircraft carriers.¹³¹ Also mentioned in the report was the fact that the DF-21D was considered as a possible platform for placing an EMP on a medium range ballistic missile warhead.¹³² Even a few of these missiles could cause serious damage to America's forces in the operational area. As shown in Figure 12, China has a range of missiles and delivery vehicles that can extend all the way to the U.S. base on Guam. All of these examples combined cause the United States to be concerned about freedom of navigation in the South China Sea because China does not have to have an offensive capability to severely disrupt traffic in the area. But their active defensive capabilities would be enough to cause major damage to any actors in the area of operations.

Second, A2/AD is a strategy that emphasizes the ability to strike first at times that are the best strategically. While Beijing states in its military policy that it does not attack unless first attacked, the Chinese leadership's definition of "attacked" can mean a broad range of activities. The U.S. – China Commission explains saying, "Historical PLA military operations reflect this ambiguity. For example, in

1979 China initiated a short, intense border war with Vietnam after Vietnam invaded the then Chinese client state of Cambodia. Although China initiated combat operations, Beijing's view is that this was a defensive operation and officially labels it the 'Self-Defense Counter-Attack Against Vietnam.'¹³³ Historical conflicts with India and the United States in Korea are also explained in the same manner. As such, it is nearly impossible to tell what China considers a "red line" action by an offending state.

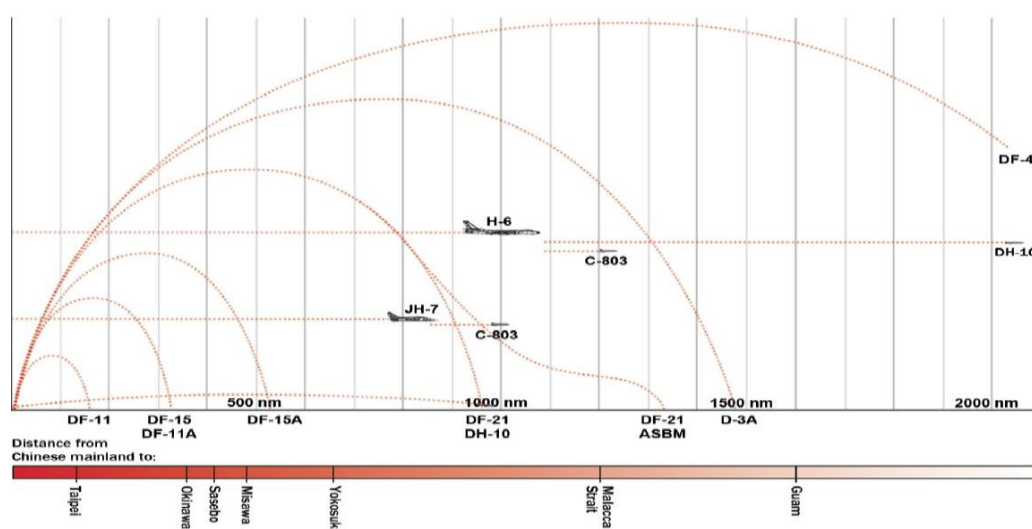


Figure 12. Range of PLA missiles and strike aircraft with respect to strategic geographic locations. Source: Van Tol, *A Point of Departure*, 18.

Third, A2/AD is a strategy that focuses on one geographical area: the Western Pacific. Beijing considers the South China Sea, East China Sea and Yellow Sea all part of its coastal line of defense. While most analysis of China's A2/AD strategy focuses on Taiwan, the U.S. – China Commission reports "the PLA's geographic focus is extending. Over the past five years, the PLA has expanded its mission beyond a Taiwan contingency also to cover potential conflicts in the East and South China Seas. This change was highlighted during Commissioners' discussions with senior Singaporean officials in December 2010."¹³⁴ As such, the United States must prepare for a potentially well-integrated defensive system in China whose leaders emphasize the need to strike first when appropriate and focus on the nodes that allow technology to work correctly for the adversary. Table 4 from the Center for Strategic and Budgetary Analyses provides a good summary of China and the United States' general strategies.

Key Elements of US Approach to Power Projection	PLA Counters
Rapidly deploying air, ground and naval forces to forward bases and littorals	Employing air, surface and undersea attacks against deploying forces
Creating rear-area sanctuaries for US forces and logistics depots	Conducting air, cruise and ballistic missile attacks against forward US bases
Initiating operations at a time and place of its choosing	Initiating hostilities
Generating and sustaining large number of air sorties	Executing air, cruise and ballistic missile attacks against US airbases and aircraft carriers
Relying on heavily complex battle networks	Conducting anti-satellite, cyber and electronic warfare attacks

Table 5. A contrast of U.S. and Chinese strategies with respect to each nation's anticipated goals. Source: Van Tol, *A Point of Departure*, 24.

Manifestations of Chinese Policy

The Chinese military manifestations of the A2/AD strategy has been covered in some of the above paragraphs; how those military resources have acted in the South China Sea has not been covered. As one analyst has noted, "Rather than deploying muscular, military forces to enforce claims to disputed maritime areas in the East and South China Sea, littoral states are instead favoring lightly armed paramilitary forces."¹³⁵ Chinese PLA military ships have been conspicuously missing in many of the reported incidents between China and Vietnam or China and the Philippines. The PLA Navy seems to leave South China Sea patrolling to so-called "paramilitary" agencies like their version of the U.S. Coast Guard. The PLAN has conducted at least four military exercises in the South China Sea since November 2010.¹³⁶ One of these included an amphibious assault exercise meant to show that China has the capability to take small islands. Additionally, the Philippines have complained that the Chinese Navy was seen unloading building supplies on the contested Spratly Islands in violation of multiple voluntary agreements between the two nations.¹³⁷

At least three incidents of Chinese aggressiveness have occurred against civilian vessels in the first half of 2011. The first incident occurred when a Philippine seismic survey vessel "conducting an assessment of a gas field in the Philippines EEZ near the disputed Spratly Islands" was harassed and chased off by Chinese patrol vessels. The other two incidents occurred in Vietnam's EEZ and also involved resource exploration vessels. Chinese boats allegedly cut the cables of both Vietnamese boats, but this type of harassment was unprecedented in China's case. "Both incidents occurred in Vietnam's EEZ, less than 200 nautical miles from the Vietnamese coast, and the second of the incidents occurred more than 600 nautical miles from China's island province of Hainan. In previous years, Chinese patrol

boats typically only harassed fishermen, not oil and gas vessels.”¹³⁸ Vietnam and the Philippines also reported “dozens” of other harassment cases including fishing vessels in the first half of 2011 as a result of China’s annual temporary ban on fishing in parts of the South China Sea.¹³⁹

A Note on Military versus Paramilitary in the South China Sea

It is important to note that while each of the nations surrounding the South China Sea makes a territorial claim to at least part of its waters, there have been no military-on-military engagements between any two nations in recent years. It is logical to believe that if a country, like China, would make claims that the South China Sea is its sovereign territory that it would back up those claims with a military presence in the region. “But the expansion of maritime paramilitary forces and their continued deployment to disputed areas also highlights the failure to resolve territorial disputes politically.”¹⁴⁰ The analyst goes on to state that “By relying on civilian agencies, albeit armed, to enforce law and order on the seas and maintain claims of sovereignty to disputed maritime areas, states are pursuing a far less confrontational path than they might.”¹⁴¹

In fact, both China’s State Oceanic Administration and the China’s Bureau of Fisheries have announced increased civilian patrols in “sensitive” waters including the South China Sea.¹⁴² One reason these “paramilitary” patrols may be favored over military forces is because “their actions are more containable. Given their limited armaments, they are unlikely to escalate skirmishes into significant sea battles and will never engage in a force-on-force clash with navies. Their exclusively maritime nature also allows for containment of any crisis; maritime clashes usually occur far from major civilian infrastructure and far from the media’s gaze.”¹⁴³ However, one analyst believes that as China gains in its military power, it will gradually come to replace the paramilitary patrol boats it has now. “Yet as the PLA transitions from near seas active defense to far seas active defense, and new warships and other platforms are commissioned, the navy will be able to project and sustain greater power into the South China Sea for SLOC [Sea Lines of Communication] security and to uphold the country’s sovereignty claims. A Chinese aircraft carrier in particular would provide the armed forces with the organic air cover for extended operations in the South China Sea.”¹⁴⁴

While much of the international focus on China’s navy has been on its battleships, the Chinese have quietly lamented their lack of a “coast guard” in a region whose main powers are relatively strong in that area. Table 5 shows just how lacking China actually is compared to its Pacific neighbors in terms of large cutters and other midsize vessels. So while China struggles to increase its five maritime enforcement agencies’ capabilities, Chinese policy-makers have decided to spread their current forces nearly evenly across its large coast. Table 6 illustrates the allocation of enforcement resources over China’s major seas. It is necessary to note that not all of these ships are armed, which makes possible confrontations at sea less risky for both sides involved. However, it remains to be seen what percentage of Chinese maritime

enforcement vessels will be armed in the future as Chinese naval modernization advances. It is also unknown whether China will continue to utilize its paramilitary patrol forces to confront other nations' commercial, or possibly naval, vessels.

Table 6. Pacific Coast Guards Compared

Country	China	South Korea	Japan	USA
Length of coastline (km)	18,000	11,542	30,000	160,550
Large cutters (3,500 tons +)	8	5	11	12
Midsized cutters (1,500 tons+)	19	9	37	32
Small cutters (500 tons+)	149	66	82	44
Small boats (100 tons+)	304	111	107	258

Source: Lyle Goldstein, "Five Dragons Stirring Up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities" Newport Rhode Island: U.S. Naval War College, (2010), 4.

Table 7. Distribution of Chinese Maritime Enforcement Vessels

	Tonkin Gulf	East China Sea	Yellow Sea	Bohai Gulf	South China Sea	Total
Large cutters (3,500 tons+)	-	4	-	-	4	8
Midsized cutters (1,500 tons +)	2	6	5	1	5	19
Small cutters (500 tons+)	20	30	30	26	43	149
Small boats (100 tons+)	26	95	103		80	304

Source: Goldstein, "Five Dragons," 5.

CHAPTER FOUR: SELECT ASEAN COUNTRIES' MILITARY FORCES, STRATEGY, AND MANIFESTATIONS

This chapter will focus on three countries surrounding the South China Sea that China has had major maritime disputes with over the last decade: Vietnam, Malaysia and the Philippines. First, each country's military forces and recent purchases will be analyzed while examining the strategic implications which can be drawn from the analysis. Second, this section will review whether there is an underlying strategy to each nation's military purchases and actions with respect to China. Last, this chapter will

examine the manifestations of each nation's strategy as it displays itself in the South China Sea. In a closely related note, this chapter will also explore ASEAN's strategy for encouraging the peace process.

Vietnam's Military

Vietnam is much like China in its claims to the South China Sea and the islands within it. As one analyst notes, "Vietnam asserts 'indisputable' sovereignty over the Paracel and Spratly Islands based on questionable historical evidence such as the activities of Vietnamese fishermen going back hundreds of years, inheritance from former colonial power France, and the occupation and administration of 21 islets in the Spratlys, the largest number occupied by any of the disputants."¹⁴⁵ Because of its close proximity to China, the Vietnamese Navy has gotten the largest share of the military budget each year. Vietnam expects six more modern submarines to be integrated into its arsenal by 2020, which may not seem like much compared with China, but Vietnam's goals are a good deal less ambitious than China's. Vietnam seeks to control its island claims and its EEZ, which is significantly smaller than China's.

Malaysia's Military

Malaysian leaders have pursued a dual-track approach to relations with China over the South China Sea. On the one hand, Malaysia currently occupies five atolls in the Spratly Islands, however they do not let their competing claims with China ruin the economic and diplomatic relationship.¹⁴⁶ In the 1990's, the Malaysian defense budget quadrupled from \$580 million to \$2.32 billion while the government purchased Russian and American jet fighter aircraft.¹⁴⁷ Malaysia also recently added two submarines, the country's first submarines, to its naval fleet.¹⁴⁸ "According to SIPRI, the Malaysian defense budget more than doubled in the first decade of the new century – from \$1.7 billion in 2000 to \$3.5 billion in 2008. Deliveries of conventional weapons systems to Malaysia increased 722% in 2005-9 compared to 2000-4."¹⁴⁹ Overall the Malaysian military remains in a good position to defend its limited claims in the South China Sea for a short time, but is unable to stand directly against China in any sort of prolonged military engagement.

The Philippine Military

While the Philippines is one of America's staunchest allies in Southeast Asia, its military has improved only marginally despite the amount of foreign aid the United States has spent on it. "Total U.S. assistance tripled from roughly \$38 million in 2001 to almost \$120 million in 2010. Additionally, not counted in those assistance dollars are the millions spent on an ongoing series of robust U.S. – Philippine military exercises designed to improve the capabilities of the Philippine Armed Forces. Unfortunately, despite the sincere efforts of the U.S. Pacific Command, there have been only marginal improvements in the PAF."¹⁵⁰ The problem, the analyst notes, is that as U.S. assistance grew in the Philippines, the Philippine defense budget shrank.¹⁵¹ Philippine military reliance on the United States has only grown, however, since a failed attempt by the Philippine government to gain stronger ties with China.¹⁵² "Despite

assistance from the United States, the Philippines' ability to provide for external defense and uphold its claims in the South China Sea is likely to remain weak for the foreseeable future. The government has not devoted sufficient resources to the armed forces for it to replace obsolete equipment: defense spending between 2000 and 2008 rose from only \$850 million to \$920 million, an average of 1% of GDP (down from 1.4% in the mid-1990s).¹⁵³ The United States continues to give large amounts of foreign military aid to the Philippines as a strategic ally, however the Philippine political system seems unwilling or unable to reciprocate by building its own military forces.

ASEAN Strategy

Despite being unified in their fear of an increasingly aggressive China, most members of ASEAN have not proposed any coordinated strategy by which to deal with China. As one analyst has explained:

On paper, ASEAN's total air and naval forces are imposing. ASEAN boasts a fleet of 680 fixed-wing combat aircraft, 412 surface combat vessels, and eight submarines in the combined navies. These numbers are not enough to defeat the powerful People's Liberation Army, with its 2,300 combat aircraft, 65 submarines, and 256 surface combat vessels, but they are sufficient to act as a deterrent were there any sense of common defense.¹⁵⁴

Unlike the ASEAN states, the Gulf Cooperation Council (GCC) has announced that it has maritime operations plans should Iran choose to close the Straits of Hormuz, much like China may decide to close the Straits of Malacca. However, the GCC has become much more organized in uniting behind a perceived common threat than the ASEAN countries have. As a senior defense official in the Kuwaiti Coast Guard said, "The GCC has a plan as a body – not just Kuwait separately, or Bahrain or Saudi Arabia – we have a plan we just hope that everything stays safe."¹⁵⁵ The ASEAN countries are put at a serious disadvantage against China when they cannot sufficiently combine their forces because of territorial disputes with each other over many of the same islands.

Manifestations of ASEAN Policy

The Philippines recently asked China to "validate our claims under UNCLOS, and we cordially invite China to join us in endeavoring to validate its own claims."¹⁵⁶ As signatories to UNCLOS, it seems the Philippines believes it can internationalize the issue of the South China Sea to bring pressure on China. One Chinese Defense Minister spokesman summed up China's position by saying that China opposes, "any move which is designed to multilateralize or internationalize the South China Sea issue."¹⁵⁷ It seems, however, there may be a chance that China is willing to solve the South China Sea dispute through the institution of ASEAN. "One recent report on the issue notes that China's non-traditional security (financial disorder, cyber-attacks, health epidemics, nuclear proliferation, etc.) relations with ASEAN are thriving, and encouraging further cooperation among all involved."¹⁵⁸ Some ASEAN countries believe that further integration with ASEAN will force China to realize each side has many

interests at stake and the issue can be resolved peacefully. China's consent to that point of view is yet to be seen.

A Note on the Indonesian Military

While Indonesia is not a claimant to the South China Sea, its geography is extremely important to the South China Sea debate. The Strait of Malacca is a shallow body of water that is the smallest, yet most important "choke point" of entry into the South China Sea. As such, each claimant to the South China Sea has a vested interest in having the capability to keep the Strait of Malacca open and secure. To this point, Indonesia is pursuing multiple options with different countries to purchase its own submarine fleet. Indonesia's military remains comparatively small to its Southeast Asian neighbors, however, Indonesia's growing economy and rising fear of an assertive China has resulted in significantly more funds being used for arms purchases.

A Note on the Divide between Rhetoric and Action

The preceding sections have focused on the growing militaries of four nations within ASEAN; however, the rhetoric of these governments does not seem to match their aggressive arms buildup. Many ASEAN government officials sincerely believe that disputes in the South China Sea with China, and each other, can be resolved peacefully with diplomacy. This belief, however, is tempered by the region's recent history of armed conflict over the question of territorial waters. The overall strategy of these ASEAN members, therefore, seems to be a commitment to diplomacy in bilateral negotiations, while simultaneously expecting and preparing for a worst-case-scenario: open military conflict. Unfortunately for the region, there seems to be a vicious cycle of disagreements in negotiations, which leads to an increase in arms purchases, which leads to further distrust. This same cycle, it can be argued, is what China and the United States may already be experiencing as their maritime interests intersect in the South China Sea.

CHAPTER FIVE: THE U.S. RESPONSE AND POLICY OPTIONS

Official U.S. Policy on the South China Sea

U.S. Secretary of State Hillary Clinton has reiterated America's longstanding commitment to not taking sides in the South China Sea debate in international forums and bilateral talks with other nations within the South China Sea. A closer look at her statements, however, reveals a policy position that is still aimed at containing China's ambitions. Secretary Clinton said after her meeting with Philippine Foreign Secretary Albert del Rosario, "the United States has a national interest in freedom of navigation, respect for international law, and unimpeded, lawful commerce in the South China Sea. We share these interests not only with ASEAN members but with other maritime nations in the broader international

community.”¹⁵⁹ This statement is meant to show America’s resolve for keeping the peace in the South China Sea, a thinly-veiled reference to China’s aggressive behavior.

On another level, however, Secretary Clinton is also reiterating the stated U.S. position that China’s “legal claim” to the South China Sea is invalid – along with any other country’s claim on “territorial waters” based on an unfounded interpretation of UNCLOS. This is a signal that the United States does not intend to withdraw from the South China Sea area and implicitly concede that China’s position on its “territorial waters” is valid. Secretary Clinton concluded her statement after the meeting with the Philippines by saying, “The United States does not take sides on territorial disputes over land features in the South China Sea, but we oppose the use of force or the threat of force to advance the claims of any party.”¹⁶⁰ Secretary Clinton was referencing the United Nations Convention on the Law of the Sea when she spoke of “disputes over land features” because it is those provisions in UNCLOS that many claimant countries use to justify their territorial claims (though it is a clear misinterpretation or purposeful overlooking).

Official U.S. statements on the usefulness of the United Nations Convention on the Law of the Sea have usually been in favor of it, yet they are tempered by the fact that the U.S. Senate has not consented to ratification of the treaty as U.S. law. Deputy Assistant Secretary of State Scot Marciel testified before the Subcommittee on East Asian and Pacific Affairs in July of 2009 in favor of UNCLOS, stating in part: “Our presence and our policy have also aimed to support respect for international maritime law, including the UN Convention on the Law of the Sea. Although the United States has yet to ratify the Convention... this Administration and its predecessors support doing so, and in practice, our vessels comply with its provisions governing traditional use of the oceans.”¹⁶¹ The Department of State even produced a fact sheet in 2011 reasserting the need for UNCLOS support. This fact sheet referenced the South China Sea in particular, saying that, “China is flexing its muscle in the South China Sea, being inside the Convention would give an immediate boost to U.S. credibility and our ability to push back against excessive maritime claims and help resolve the maritime issues there to the benefit of the United States and our regional allies and partners.”¹⁶² Some Chinese critics of U.S. policy in the South China Sea point to the United States’ hypocrisy of promoting UNCLOS as an international conflict resolution institution, yet the United States has yet to ratify UNCLOS. However, even if the United States did ratify UNCLOS, it is far from clear that it would alter China and other Southeast Asian nations’ behavior (since they have all signed and ratified the treaty, and yet choose to ignore certain parts of it themselves).

The Obama Administration has recently begun to focus even more on the Asia Pacific region as the top priority in both defense policy and diplomatic presence. Observers have labeled America’s focus on Asia the “Pacific Pivot” or as Secretary of State Hillary Clinton recently wrote in *Foreign Policy*, “America’s Pacific Century.”¹⁶³ President Obama addressed the Australian Parliament in November 2011

and said, “As we end today’s wars [Iraq and Afghanistan], I have directed my national security team to make our presence and mission in the Asia Pacific a top priority. As a result, reductions in U.S. defense spending will not – I repeat, will not – come at the expense of the Asia Pacific.”¹⁶⁴ President Obama continued by saying, “Indeed, we are already modernizing America’s defense posture across the Asia Pacific. It will be more broadly distributed – maintaining our strong presence in Japan and the Korean Peninsula, while enhancing our presence in Southeast Asia.”¹⁶⁵

Secretary Clinton wrote that she has a “commitment to what I have called ‘forward – deployed’ diplomacy. That means continuing to dispatch the full range of our diplomatic assets – including our highest-ranking officials, our development experts, our interagency teams, and our permanent assets – to every country and corner of the Asia – Pacific region.”¹⁶⁶ She believes this policy will manifest itself by the United States “strengthening bilateral security alliances; deepening our working relationships with emerging powers, including with China; engaging with regional multilateral institutions; expanding trade and investment; forging a broad-based military presence; and advancing democracy and human rights.”¹⁶⁷ The following sections of this paper will propose four broad focus points for U.S. policy in the South China Sea and the strategic benefits of such positions.

Policy Options for the United States in the South China Sea

Increase Military Presence in the Region. One way in which the United States can strengthen its military presence in the South China Sea is by increasing the scope and frequency of U.S. military exercises with foreign partners. The United States already has strong military to military relationships with Thailand, the Philippines, Singapore and Australia, which provides a good base for increasing contacts with the other countries in the region. Admiral Willard has noted that the United States and Thailand completed the 29th annual COBRA GOLD multilateral exercise, which has grown considerably since its inception to its current six participants and fifteen observers.¹⁶⁸ Military exercises like this should continue to integrate as many nations around the South China Sea as possible so as to reassure present allies and encourage possible future allies like Vietnam. The State Department recently began a “Political, Security, Defense Dialogue” with Vietnam where “Delegates from both sides discussed recent developments in the South China Sea. The two sides acknowledged that the maintenance of peace, stability, and freedom of navigation in the South China Sea is in the common interests of the international community and that all territorial disputes in the South China Sea should be resolved through a collaborative, diplomatic process without coercion or the use of force.”¹⁶⁹ Dialogues like the one with Vietnam will help unite nations around the South China Sea in their distrust of China while sharing information on what they consider threats to their strategic interests.

Another way a stronger U.S. military presence in the South China Sea can protect American interests is by increasing training and cooperation in voluntary maritime programs. One analyst has noted

that “Three major international maritime security initiatives were launched by the Bush administration, all with implications for governing the territorial seas as well as the high seas of the South China Sea: the Container Security Initiative (CSI), the Proliferation Security Initiative (PSI) and the Regional Maritime Security Initiative (RMSI). While the first two are global in scope, the third was directed specifically at the Strait of Malacca.”¹⁷⁰ These voluntary initiatives will be key to regional stability in the future of the South China Sea because, as then Navy Admiral Walter F. Doran pointed out, “Each nation concerned... tends to define maritime security in the context of what it sees as its own particular concerns, whether it be drug smuggling, trafficking in people, piracy, or the movement of bad people from one place to another.”¹⁷¹ The three initiatives mentioned above receive little press but have had a major impact on the nations that choose to participate in them, which builds a relationships that can serve as the foundation for more cooperation in the future. One analyst summed up the three Bush Administration initiatives the following way: “The three U.S. counterterrorism initiatives have encountered mixed results: CSI has been widely accepted, RMSI was initially rejected, and PSI gets mixed reviews. Most Southeast Asian nations, with the exception of Singapore, have resisted the strong U.S. pressure. However, they have been more willing to accept technical and capital assistance that would help them to respond to not only a terrorist threat, but also their own pressing maritime borderland concerns such as piracy, pollution, and poaching.”¹⁷² This insight leads to another way the United States can use an increased military presence in the South China Sea to advance its interests.

The United States must also increase its forward deployed military bases in and around the Southeast Asia area. As Secretary Clinton said, the United States must “guarantee that the defense capabilities and communications infrastructure of our alliances are operationally and materially capable of deterring provocation from the full spectrum of state and nonstate actors.”¹⁷³ The Obama Administration has begun implementing this vision by recently announcing that it will deploy 2,500 U.S. Marines to Darwin, at one of the northernmost points in Australia.¹⁷⁴ The United States has also initiated a large buildup of U.S. forces on Guam, the island U.S. military base. The Government Accountability Office (GAO) reports that if the DoD’s plans are fully implemented, it “will result in an increase in the DOD population on Guam from about 15,000 personnel in 2007 to about 39,000 by 2020.”¹⁷⁵ While most of these personnel will be Marines moving from their base in Okinawa to Guam, there is also a large contingent of air and missile defense forces that may be deployed for additional security.¹⁷⁶ These increases in U.S. military personnel in the area will send the message that President Obama wanted, that, “as a Pacific nation, the United States will play a larger role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends.”¹⁷⁷

Increase Interoperability with U.S. Forces. Another way the United States can retain its influence in Southeast Asia is by raising the level of interoperability between U.S. forces and those of ASEAN.

Admiral Robert Willard has testified before Congress that the annual COBRA GOLD exercise is meant to increase interoperability between the United States and the Thai military.¹⁷⁸ As one analyst has pointed out, however, “their [Thai] equipment purchases are from an unusual mix of non-U.S. companies. From a logistics point of view a menagerie of military equipment is difficult and expensive to maintain.”¹⁷⁹ The United States must consider prioritizing the interoperability level between U.S. forces and foreign militaries in the region through some of the methods described above: increased regional exercises, strategic dialogue, military to military meetings, etc. Also, as some countries in Southeast Asia look to expand their defense budgets, the United States must be willing to sell more of its equipment to those countries, especially maritime related weapons. Overall, a net gain in interoperability with U.S. forces in the region of the South China Sea will help each nation as the United States attempts to integrate the proposed “Joint Operational Access Concept” (JOAC) that General Martin Dempsey recently released.

The concept envisions gaining operational access to a contested area using the strengths of one branch of the U.S. military to make up for the weaknesses in another branch of the military.¹⁸⁰ General Dempsey explains that, “As war is the extension of politics by other means, operational access does not exist for its own sake, but rather serves our broader strategic goals, whether to ensure strategic access to commerce, demonstrate U.S. resolve by positioning forces overseas to manage crisis and prevent war, or defeat an enemy in war.”¹⁸¹ This concept is only possible if the United States maintains good interoperability between its own forces and foreign militaries for joint operations.

Increase ASEAN Ties. The third way the United States can increase its influence in Southeast Asia is by increasing its ties with ASEAN as an international organization and its member countries bilaterally. Secretary Clinton has acknowledged the need for this by saying, “a more robust and coherent regional architecture in Asia would reinforce the system of rules and responsibilities, from protecting intellectual property to ensuring freedom of navigation, that form the basis of an international order.”¹⁸² One concrete step the United States took in improving U.S. – ASEAN ties was by signing the Treaty of Amity and Cooperation with ASEAN in 2009. One analyst has noted that, “Diplomatically, ASEAN should begin inter-ASEAN negotiations on internal borders. Beginning the process may force China to ask to participate in the multilateral process, allowing ASEAN to set the terms of the negotiations. Even if Beijing will not participate, an ASEAN border agreement would complicate China’s diplomacy and spoil its bilateral intimidation.”¹⁸³ This approach faces some obstacles, however, because some countries still wish to resolve their disputes with China bilaterally instead of under the authority of ASEAN. The Philippines recently expressed their interest in settling their dispute with China based on UNCLOS in a bilateral fashion.¹⁸⁴ The Philippine Foreign Minister has also stated that “while we are a small country, we are prepared to do what is necessary to stand up to any aggressive action in our backyard. The Philippines has made clear its position on the issue: to maintain peace while allowing for the economic development

of the area. There is need to segregate the non-disputed areas from the disputed areas. What is ours is ours, and what is disputed can be shared.”¹⁸⁵

China has responded to these suggestions by reiterating its position of only wanting bilateral negotiations and claiming the whole of the South China Sea. One recent incident, however, may give hope to the fact that the Chinese may be coming around to a more open-minded position. One senior administration official in the White House described Chinese Premier Wen Jiabao’s reaction during the 2011 East Asia Summit when the issue of the South China Sea was raised. The official said that Premier Wen Jiabao said he desired that China and ASEAN would reach an understanding on a code of conduct in the South China Sea. Premier Wen Jiabao also did *not* say, as is customary Chinese policy, that China wishes to resolve the South China Sea disputes bilaterally.¹⁸⁶ While not definitive proof that the Chinese have shifted their policy position towards that of favoring talks with ASEAN, the account by the senior administration official may offer a clue as to whether the Chinese may change their tone. As one analyst has noted, China has been steadily building its relationship with ASEAN to a point where it is conceivable that they could work together to solve the South China Sea issue. “One recent report on the issue notes that China’s non-traditional security (financial disorder, cyber-attacks, health epidemics, nuclear proliferation, etc.) relations with ASEAN are thriving, and encouraging further cooperation among all involved.”¹⁸⁷ If China is willing to work with ASEAN on these issues, then the United States must also strive to maintain its voice at the negotiating table so as to add diplomatic weight behind the ASEAN countries’ demands.

Increase Bilateral Agreements. The fourth way by which the United States can maximize its strategic position in the South China Sea is by proposing bilateral maritime agreements with the People’s Republic of China that both countries can agree is mutually beneficial. One historical example of such an agreement between disputants was the U.S. – Soviet Incidents-at-Sea Agreement (INCSEA). This agreement, signed in 1972, sought to “avoid incidents on the high seas” and increase U.S. – Soviet communication after incidents to avoid misunderstandings.¹⁸⁸ This sort of agreement with China would satisfy China’s desire for bilateral negotiations while providing a forum for U.S. – Chinese communication. Often, it is the process of negotiation and communication that is valuable in a bilateral national relationship and therefore, “effective confidence building should be focused not necessarily on producing a ‘measure’ but rather on the dynamic process of transforming a security relationship from a flawed present to a more stable and less risky future.”¹⁸⁹ Chinese scholars regularly deplore the alleged U.S. view that China has taken the place of the Soviet Union in a new Cold War;¹⁹⁰ however, in this case, “Like China’s navy today, the Soviet Navy in 1967 [when two consecutive incidents with the U.S. Navy occurred] was expanding rapidly from a coastal extension of the army to an oceangoing fleet worth of a great power.”¹⁹¹ In addition, current U.S. Navy policy is to record its “challenges to excessive maritime

claims” around the world in documents known as “Freedom of Navigation Operational Assertions.”¹⁹² These records began recording America’s challenge of China’s “excessive maritime claims” in 2007. While these “operational assertions” clearly indicate the United States’ policy of freedom of navigation on the high seas, it also increases the risk of incidents like those involving the USNS *Impeccable*. With this in mind, it is clear that the United States and China would both benefit from a bilateral agreement of incident avoidance and resolution in the future.

Possible Chinese Reactions

As discussed in Chapter 3, China views any expansion into the South China Sea by foreign countries as an encroachment on China’s strategic interests. Chinese officials may view the policy options listed above as “provocative” or “aggressive.” Indeed, one retired PLA Major General insists that “the coastal area is the gateway for China’s entire national security.”¹⁹³ As such, China will be faced with a strategic choice between pursuing an arms race with the United States in the South China Sea or accepting U.S. presence in the area while not aggressively pursuing its South China Sea claims. If China were to choose the former, it would go against its stated policy of not developing its military to exceed national security needs or to meet the capabilities of a specific country.¹⁹⁴ If China were to choose the latter, it would risk angering its nationalistic population and the People’s Liberation Army.

The prospects for peace in the South China Sea in one sense seem remote; however there exists the fundamentally important relationships between the disputant nations that could lead to the “joint peaceful development” that China claims to seek. These two concepts “cannot be separated, as the SCS is the most likely to escalate into military confrontations. At the same time, progress in the SCS is very much a manifestation of positive Sino-ASEAN relations.”¹⁹⁵ Although there is a tendency when examining the South China Sea to discuss U.S. and Chinese foreign policy, it is important to remember that nearly any imaginable South China Sea conflict will involve another nation in Southeast Asia that is not China. It is equally important for each nation surrounding the South China Sea to reach bilateral and multilateral agreements with each other before reaching consensus on a regional level. Historically speaking, “For longer-term peace building, integration and interdependence have been important in promoting conditions conducive to peace, both by itself and through spillover effects.”¹⁹⁶ Because the conditions for peace can change quickly, the surrounding nations must be “ready to consider solutions to the South China Sea disputes with all relevant parties under reasonable conditions.”¹⁹⁷

U.S. Goals in the Region

The preceding sections have made it clear that it is the policy of the United States to resolve all disputes in the South China Sea according to international law. However, U.S. goals in the region appear to be more strategic in nature. President Obama’s recent announcement of a “shift” towards the Pacific, with a clear commitment to a continuing military presence, suggests that the United States wants to

protect its allies around China. It is still unclear whether China's immediate goals are domestic in nature (reunification with Taiwan) or more regional and expansionist (economic and military control of energy resources within the first island chain). The United States appears to want to plan for both contingencies by placing its military resources in strategic locations that are easily deployable to any crisis in the region.

Conclusion

The United States and China are both global powers whose strategic interests lay well beyond their respective shorelines. The South China Sea remains one of the most contested of those intersections of national interests, and will remain so for the foreseeable future. U.S. policy in the South China Sea must take into account China's historical fear of being invaded or surrounded by foreign enemies through the South China Sea. But the United States must also be careful not to concede its position on navigational rights which may drive nations around the South China Sea to concede to China's military and economic might for fear of siding with a fickle U.S. strategy in the area. China's military capabilities are growing rapidly, however their military doctrine appears to be mostly concerned with a defensive strategy. This indicates that China values having the capability to deny access to an area to a more powerful nation such as the United States, while still being able to claim the "high ground" in negotiations with its neighbors on their competing claims. ASEAN countries for their part have mimicked this strategy, except that they have routinely courted the United States for military aid. Overall, the United States has the necessary resources and alliances to maintain navigational freedom in the South China Sea while training and equipping nations such as the Philippines, Thailand and Malaysia so that they can defend their own interests. As the South China Sea will gain in strategic importance in the decades to come, the United States must take action now to assure its interests in the region will be secure.

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