
The United States and Chinese Assertiveness in the South China Sea

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The South China Sea is once again becoming an emerging security concern. China has elevated the importance of the South China Sea as a national security issue. This article discusses the strategic significance of new Chinese naval facilities on Hainan Island, Chinese harassment of US naval ships, and increased Chinese assertiveness in the South China Sea. All three of these developments are posing new challenges to the littoral states bordering the South China Sea and to the United States. The article considers three motivations for Chinese assertiveness and assesses the obstacles to cooperation between China and the United States. The article concludes by proposing seven recommendations to assist in managing rising tensions.

This article assesses recent Chinese assertiveness in the South China Sea against China's declaratory policy of promoting "peace, cooperation and development" and a "harmonious world".¹ China has elevated the South China Sea to a "core interest" and has undertaken provocative actions to underscore its national security concerns. Chinese actions have resulted in growing friction with Vietnam and have spilled over to affect US strategic and commercial interests. The United States has responded by asserting its right to freedom of navigation and has moved to develop a strategic partnership with Vietnam.

This article is divided into five parts. Part one provides background to current developments and places these developments in strategic context. Part two assesses the strategic significance of Yulin Naval Base on Hainan Island. Part three reviews Chinese harassment of US naval vessels in the waters off Hainan. Part four reviews China's assertiveness in the South China Sea and the spill over effect on US security and commercial interests. Part five assesses impediments to improved US-China relations and offers seven proposals to manage rising tensions.

Background to Current Developments

According to official government policy, China promotes "peace, cooperation and development" in the Asia-Pacific under the doctrine of creating a

¹ This section is based on Carlyle A. Thayer, 'Maritime Strategic Overview of the Asia-Pacific Region', in Joshua Ho (ed.), *Realising Safe and Secure Seas for All: International Maritime Security Conference 2009* (Singapore: Select Publishing in association with Republic of Singapore Navy and S. Rajaratnam School of International Studies, 2009), pp. 25-44.

“harmonious world”.² China, therefore, has given priority to the primacy of economic growth and the maintenance of a peaceful international environment. China has been successful in promoting export-orientated trade as the engine of its economic growth. China's economic growth in turn has fuelled a rising demand for energy resources that will intensify in coming years. These two factors—rapid economic growth and rising energy demand—have combined to raise the importance, from a Chinese national security perspective, of ensuring that vital Sea Lines of Communication (SLOCs) remain safe and secure.

Despite the impact of the global financial crisis China's economy has continued to expand and lead the region. China is in an especially strong position because it holds US \$2 trillion in foreign exchange reserves. China's domestic stimulus package, with priority on infrastructure, and China's current spree of overseas investments in energy and natural resources, will make China even more competitive internationally when global economic recovery occurs.

China's high rates of economic growth have provided the wherewithal for the transformation and modernisation of its armed forces. In many respects China's defence transformation may be viewed as part of the normal process of military modernisation facilitated by technological developments, such as the Revolution in Military Affairs, and is defensive in orientation.³ For example, at the strategic level, China has and is continuing to develop a robust second-strike ballistic nuclear missile force based on land and deployed at sea. China's nuclear force, therefore, may be viewed as a deterrent to the much larger nuclear arsenal held by the United States.

China has also developed a potent short- and medium-range ballistic missile capacity to deal with contingencies in the Taiwan Strait.⁴ China's military build-up along its eastern coast may be viewed as both a deterrent to any unilateral action by Taiwan to declare its independence, and a deterrent to United States military intervention in support of Taiwan. Additionally, China's naval modernisation may be viewed as an effort to ensure the security of SLOCs in order to overcome what Chinese defence analysts have called the

² People's Republic of China, *China's National Defense in 2008* (Beijing: Information Office of the State Council of the People's Republic of China, January 2009), p. 3.

³ For nuanced assessments see: Michael D. Swaine, 'China's Regional Military Posture', in David Shambaugh (ed.), *Power Shift: China and Asia's New Dynamics* (Berkeley: University of California Press, 2005), pp. 266-85; Ellis Joffe, 'The "Right Size" for China's Military: To What Ends?', *Asian Policy*, no. 4 (July 2007), pp. 57-60; Michael R. Chambers, 'Framing the Problem: China's Threat Environment', *Asian Policy*, no. 4 (July 2007), pp. 61-6; David M. Finkelstein, 'China's National Military Strategy: An Overview of the "Military Strategic Guidelines"', *Asian Policy*, no. 4 (July 2007), pp. 67-72.

⁴ Office of the Secretary of Defense, *Military Power of the People's Republic of China 2009. A Report to Congress Pursuant to the National Defense Authorization Act Fiscal Year 2000* (Washington, DC: Department of Defense, 2009), pp. 48, 51-2.

“Malacca dilemma”—the threat to China’s national security by the closure of narrow straits or choke points in Southeast Asia.⁵

The United States, Japan, Australia and several other regional countries have reiterated long-standing concerns about the size and growth of China’s defence budget and the lack of transparency regarding the intentions behind increased defence expenditure. Official Chinese military budget figures are widely believed to understate the actual budget.⁶ Chinese defence spending has increased more than 500 percent in real terms since 1997 and the growth of defence spending (11-15 percent) has exceeded economic growth (8-9 percent). The United States has voiced concern that China’s military build up is more than defensive. In the words of Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen, the strategic intent behind China’s development of new capabilities “seem very focused on the United States Navy and our bases that are in that part of the world”.⁷

Strategic analysts argue that China has recently developed power projection capabilities out to the first island chain (extending from Japan, east of Taiwan to include possessions in the South China Sea) and is now seeking to extend their range to the second island chain (including the Sea of Japan, the Philippines Sea and Indonesian Sea, including the Marianas and Palau islands in the south) with a focus on Guam, a major US base. These assessments were underscored in March-April 2010 when the People’s Liberation Army Navy (PLAN) conducted a series of unprecedented joint naval-air exercises in international waters south of Okinawa.⁸

The first exercise was conducted in March and involved six ships from the North Sea Fleet including a destroyer, frigates, a tanker and a salvage ship. A Chinese KJ-200 airborne early warning and control aircraft monitored the exercise and J-8 fighters provided air cover. According to the deputy commander of the North Sea Fleet, “China needed to protect its maritime territorial integrity through long-distance naval projection”.⁹ The North Sea flotilla carried out live-firing and anti-submarine exercises and engaged in combat simulation with elements of the South Sea Fleet. The North Sea flotilla sailed through the Bashi Channel north of the Philippines and anchored at Fiery Cross Reef in the Spratly Islands before proceeding to conduct further exercises at the eastern mouth of the Malacca Strait.

⁵ Ian Storey, ‘China’s “Malacca Dilemma”’, *China Brief*, vol. 6, no. 8 (12 April 2006); Thomas M. Kane, *Chinese Grand Strategy and Maritime Power* (London and Portland: Frank Cass, 2002), pp. 127-8.

⁶ Office of the Secretary of Defense, *Military Power of the People’s Republic of China 2009*. pp. 31-9.

⁷ Admiral Michael Mullen, ‘Remarks and Q & A at the Navy League Sea-Air-Space Exposition’, Gaylord National Resort and Conference Center, National Harbor, Maryland, 4 May 2009.

⁸ Gary Li, ‘Chinese Navy’s New Strategy in Action’, IISS Strategic Comments, May 2010, <<http://www.iis.org/publications/strategic-comments/past-issues/volume-16-2010/may/chinese-navys-new-strategy-in-action/>> [Accessed 29 June 2010].

⁹ *Ibid.*

The second exercise in April involved ten ships from the East Sea Fleet including two top of the line *Sovremenny*-class destroyers, two *Kilo*-class submarines, destroyers, frigates and several auxiliary vessels. This flotilla conducted anti-submarine exercises off the east coast of Taiwan. The second sea exercise was accompanied by a large-scale air exercise involving land-based aircraft from several air bases. These exercises involved midair refuelling, stealth and night-flying, radar jamming and simulated bombing in the South China Sea.

China's growing ability to deploy beyond the first to the second island chain was part of a much broader strategy of 'far sea defence' to project naval power from China into the western Pacific and the Middle East.¹⁰ Admiral Robert Willard, Commander of US Pacific Command, has argued, for example, that China's rapid transformation of its military forces "is affecting regional military balances and holds implications beyond the Asia-Pacific region".¹¹

The US-China relationship contains elements of rivalry, peer competition and cooperation.¹² One of the most persistent irritants is US arms sales to Taiwan. The US Congress, through the Taiwan Relations Act, has mandated that the Department of Defense

provide Taiwan with arms of a defensive character and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardise the security, or the social or economic system, of the people of Taiwan.¹³

The Taiwan question will remain a major irritant in Sino-American relations until Beijing and Taipei reach a *modus vivendi* or a political settlement.

Although China and the United States improved the tenor of their bilateral relations during the second Bush Administration, military-to-military relations were suspended by China in September-October 2008 when United States announced a major arms sale to Taiwan valued at US \$6.5 billion. Shortly after President Obama took office, China resumed military-to-military relations with the United States and bilateral relations improved markedly. Secretary of State Hillary Clinton visited Beijing on her first official overseas trip. China's Foreign Minister was received at the White House.

¹⁰ Edward Wong, 'Chinese Military Seeks to Extend Its Naval Power', *The New York Times*, 23 April 2010.

¹¹ Admiral Robert F. Willard, 'Statement Before the Senate Armed Services Committee on US Pacific Command Posture', 24 March 2010, p. 3.

¹² Michael D. Swaine, 'Managing China as a Strategic Challenge', in Ashley J. Tellis, Mercy Kuo and Andrew Marble (eds), *Strategic Asia 2008-2009: Challenges and Choices* (Seattle: National Bureau of Asian Research, 2008), pp. 71-105.

¹³ *Taiwan Relations Act*, United States Code Title 22, Chapter 48 Sections 3301–3316, 10 April 1979.

Presidents Obama and Hu Jin-tao met informally at the G-20 summits in London and Pittsburgh. Both sides elevated their Strategic and Economic Dialogue to ministerial level.¹⁴ And, most significantly, President Obama visited Beijing in late 2009. On the eve of his first official visit to Beijing President Obama declared that the United States was not threatened by a rising China. Yet the Obama Administration's decision in early 2010 to approve new arms sales to Taiwan once again resulted in the suspension of military-to-military talks.

The Strategic Significance of Yulin Naval Base

In 2007, commercial satellite imagery confirmed that China's construction of a major naval base near Sanya on Hainan Island was far advanced.¹⁵ When construction is completed this will be a significant strategic development because it will provide China with the capability to extend the PLAN's military reach into the Pacific Ocean and South China Sea. In order to fully comprehend the strategic importance of Yulin Naval Base near Sanya, it is necessary to understand both Chinese intentions and capabilities. China has so far refrained from providing any insights into the former. Chinese actions have provided clear indications of the latter.

As for capabilities, the piers and docks at Yulin Naval Base currently berth several major surface warships and nuclear submarines. Further construction is underway to accommodate larger surface combatants including assault ships and eventually an aircraft carrier. At the same time, China has extended an airfield on Woody Island in the Paracel Islands, consolidated its facilities at Fiery Cross Reef in the Spratly archipelago with the installation of an early warning radar, and maintained a continuing naval presence at Mischief Reef off the west coast of the Philippines. In sum, China is developing an enhanced capability to exercise its sovereignty claims over the South China Sea and protect its vital SLOCs through the Malacca and Singapore Straits. Yulin Naval Base considerably shortens the logistics tail for PLAN forces that are deployed into the South China Sea.¹⁶ By extension, China will also have the capacity to threaten the same SLOCs on which Japan, Taiwan and South Korea are dependent.

¹⁴ James D. Steinberg, Deputy Secretary of State, 'Remarks At National Bureau of Asian Research Conference Engaging Asia 2009: Strategies for Success', Washington, DC, 1 April 2009.

¹⁵ Material in this section on Yulin/Sanya Naval Base is taken from Richard D. Fisher, 'Secret Sanya—China's New Nuclear Naval Base Revealed', *Jane's Intelligence Review*, 15 April 2008; Richard Fisher, 'China's Naval Secrets', *Asian Wall Street Journal*, 5 May 2008.

¹⁶ On 18 June 2009, General Zhang Li, a member of the Chinese People's Political Consultative Conference, recommended that China send larger surface combatants to the South China Sea and construct an air and sea port on Mischief Reef in order to control the Spratlys and bypass the Malacca Straits; L. C. Russell Hsiao, 'PLA General Advises Building Bases in the South China Sea', *China Brief*, vol. 9, no. 13 (24 June 2009), pp. 1-2.

Other construction indicates that the Yulin Naval Base will have strategic implications for the balance of power in the region. Portions of the base are being built underground to provide facilities that cannot be easily monitored by satellite. An analysis of construction activities that can be viewed by satellite indicates Yulin Naval Base is already capable of housing nuclear submarines capable of launching inter-continental ballistic missiles. In late 2007, satellite imagery confirmed the presence of a Chinese Type-094 Jin-class submarine. The Type-094 submarine is a second-generation nuclear vessel and represents China's most lethal naval strike weapon. Up until now all nuclear submarines have been under the command of China's North Sea Fleet; this marks the first permanent deployment to China's South Sea Fleet.

When construction of facilities at Yulin are completed, they will provide China with the capability to station a substantial proportion of its submarine-based nuclear deterrent force there. China's most modern strategic nuclear submarine is not yet fully operational but when it is the submarine is expected to carry twelve Sea Launched Ballistic Missiles. This class of submarine will be even more potent if China succeeds in equipping the missiles with multiple warheads. Chinese nuclear subs operating from Yulin will be able to patrol and fire from concealed positions in deep waters off Hainan island if China can develop the necessary operational skills. According to the US Defense Department, five Chinese ballistic missile nuclear submarines (SSBN)¹⁷ are expected to become operational very shortly. It is expected that several will be based at the Yulin naval facility.

Yulin Naval Base, which already houses major surface combatants and nuclear submarines, threatens the naval balance of power in the South China Sea. China is developing niche anti-access/area denial capabilities to challenge the US Navy in this theatre. Admiral Willard has noted, for example, "Of particular concern is that elements of China's military modernisation appear designed to challenge our freedom of action in the region".¹⁸ China's naval modernisation also represents a major challenge to the littoral states of Southeast Asia, such as Vietnam and the Philippines, that have territorial claims in the South China Sea.

Chinese Harassment of US Naval Ships

In February-March 2009, the United States dispatched the USNS *Impeccable* to conduct "military scientific research" related to Chinese submarine activity operating from Yulin Naval Base.¹⁹ The USNS

¹⁷ SSBN is the designation used by the US Navy for a nuclear-powered ballistic nuclear missile-carrying submarine. The SS refers to a submersible ship, the B stands for ballistic missile, and the N denotes nuclear powered.

¹⁸ Willard, 'Statement Before the Senate Armed Services Committee', p. 3.

¹⁹ Material in this section is taken from: Eric A. McVadon, 'The Reckless and the Resolute: Confrontation in the South China Sea', *China Security*, vol. 5, no. 2 (2009), pp. 1-15; Ji Guoxing, 'The Legality of the *Impeccable* Incident', *China Security*, vol. 5, no. 2 (2009), pp. 16-21; Mark

Impeccable was reportedly operating 75 miles south of Hainan when, on 5 March, a PLAN frigate crossed its bow at a range of approximately 100 yards without first making radio contact. Two hours later a Chinese Y-12 aircraft repeatedly flew over the USNS *Impeccable* at low altitude. The PLAN frigate crossed the *Impeccable's* bow again, at a range of approximately 400–500 yards.

On 7 March, a PLAN intelligence collection ship contacted the *Impeccable* over bridge-to-bridge radio and informed its captain that his ship's operations were illegal and that the *Impeccable* should leave the area or "suffer the consequences".²⁰ On the following day, five Chinese ships shadowed the *Impeccable*, these included a Bureau of Maritime Fisheries Patrol Vessel, a State Oceanographic Administration patrol vessel, a Chinese Navy ocean surveillance ship, and two small Chinese-flagged trawlers.

The trawlers closed on the *Impeccable*, coming within fifteen metres, waving Chinese flags, and ordering the *Impeccable* to leave the area. When one trawler moved closer to the *Impeccable* it was sprayed with water from the *Impeccable's* fire hose. The *Impeccable* then radioed the Chinese vessels and requested safe passage out of the area. The two Chinese trawlers attempted to obstruct the *Impeccable* by stopping abruptly in front of it, forcing the *Impeccable* to execute an emergency full stop in order to avoid a collision. As the *Impeccable* attempted to depart the crew of one of the Chinese trawlers used a grappling hook to try to snag the *Impeccable's* towed sonar array.

The standoff between the USNS *Impeccable* and PLAN vessels was followed by another incident in which a PLAN submarine snagged a sonar array towed by the *USS John S. McCain* on 11 June. The *USS McCain* was one of three US warships participating in combined exercises with Southeast Asian navies, including the Philippines and Malaysia, in waters off the western coast of the Philippines.

These two incidents have reawakened concerns in Southeast Asia that Sino-US strategic rivalry could spill over and affect regional stability. Clearly, the rapid expansion of China's naval forces and submarine operations out of

Valencia, 'The *Impeccable* Incident: Truth and Consequences', *China Security*, vol. 5, no. 2 (2009), pp. 22-8.

²⁰ For a discussion of the legal positions held by the United States and China see: Sam Bateman, 'Clashes at Sea: When Chinese vessels harass US Ships', *RSIS Commentaries*, 13 March 2009; Patrick J. Neher, Raul A. Pedrozo and J. Ashley Roach, 'In Defense of High Seas Freedoms', *RSIS Commentaries*, 24 March 2009; B. A. Hamzah, 'EEZs: US Must Unclench its Fist First', *RSIS Commentaries*, 9 April 2009. The *RSIS Commentaries* are produced by the S. Rajaratnam School of International Studies, Nanyang Technological University in Singapore. A separate incident took place in the Yellow Sea in early May 2009; BBC, 'Pentagon Warns over Chinese Boats', 5 May 2009.

Sanya Naval Base has precipitated greater scrutiny by the US military. As China's submarine fleet grows so too will US interest. But for China to deploy its submarines effectively, it too will need to develop the capability to acquire the same scientific and technical information that the US Navy is gathering.

China's Assertiveness in the South China Sea²¹

Since 2007, several interrelated developments have occurred in the South China Sea that have led to a deterioration of the security situation and friction between China and Vietnam. Three developments are discussed below: Chinese pressures on US companies to pull out of joint development arrangements with Vietnam in contested waters in the South China Sea; China's aggressive imposition of unilateral fishing bans in the South China Sea; and China's protest at claims for extended continental shelves and renewed assertion of sovereignty over 80 percent of the South China Sea.

In 2007, Vietnam drew up a long-term plan to integrate the development of its coastal territory with the marine resources in the South China Sea. Vietnamese economists estimated that by 2020, integrated development of the marine economy would contribute up to 55 percent of GDP and between 55-60 percent of exports. China responded by applying behind-the-scenes pressure on western oil companies likely to be involved, such as ExxonMobil, and threatened retaliation against their commercial interests in China if they proceeded with exploration ventures with Vietnam.²²

In 2009 and 2010, China announced a unilateral three-month moratorium on fishing in the South China Sea (above the 12th parallel) from mid-May to 1 August. China claimed the ban was imposed in order to preserve fish stocks, prevent illegal fishing and protect Chinese fishermen. The months of May-July are the height of the Vietnamese fishing season.

In 2009, eight modern Chinese fishery administration vessels were dispatched to enforce the ban.²³ Vietnam lodged a diplomatic protest. The Vietnamese news media reported that China acted more aggressively than previously. Chinese vessels stopped, boarded and seized the catches of Vietnamese fishing boats and chased other Vietnamese boats out of the proscribed area. In one instance a Chinese fishery vessel rammed and sank

²¹ This section is based on Ian Storey and Carlyle A. Thayer, 'The South China Sea Dispute: A Review of Developments and Their Implications since the 2002 Declaration on the Conduct of Parties', in K. V. Kesavan and Daljit Singh (eds), *South and Southeast Asia: Responding to Changing Geo-Political and Security Challenges* (Singapore: Institute of Southeast Asian Studies and New Delhi: KW Publishers Pvt Ltd, 2010), pp. 57-72.

²² Greg Torode, 'Tussle for Oil in the South China Sea', *South China Morning Post*, 20 July 2008.

²³ 'Patrol Ships Trawl for Disorder in Beibu Gulf', *China Daily.com*, 28 May 2009; 'One More Ship to Patrol South China Sea', *Chinadaily.com.ch*, 15 May 2009; 'Reinforced Patrol Sails from Hainan', *Chinadaily.com.ch*, 19 May 2009.

a Vietnamese boat.²⁴ On 16 June, China seized three Vietnamese boats and thirty-seven crewmembers in waters near the Paracel islands. After freeing two boats and their crews, China detained the third and its twelve crewmembers pending payment of a US \$31,700 fine.²⁵ Chinese actions prompted defiance from local government officials in Quang Ngai province, the home of the detained fishermen, who declared they would refuse to pay the fine.²⁶ The Vietnamese Foreign Ministry issued a protest note to the Chinese Embassy in Hanoi demanding the release of the detained fishermen.²⁷

In the midst of these developments, an article prepared by China's Ministry of Trade critical of Vietnam's claims appeared on an official website jointly maintained by the trade ministries of China and Vietnam. This prompted Vietnamese officials to close the site temporarily.²⁸ In August, when two Vietnamese fishing boats with a total crew of twenty-five sought to avoid a tropical storm by seeking safe haven in the Paracel archipelago, they were detained by Chinese authorities.²⁹ Vietnam not only demanded the boat's release, but also upped the ante by threatening to cancel a meeting that had been scheduled to discuss maritime affairs. China released the fishermen.³⁰ The scheduled talks were held at deputy minister level from 12-14 August 2009 in Hanoi.

In April 2010, China once again announced a unilateral fishing ban in the South China Sea. China dispatched two vessels, the *Yuzheng 311* and Patrol Boat 202 to enforce this ban and to come to the assistance of Chinese fishing trawlers who reported they were being harassed by Vietnamese maritime authorities. When the two Chinese fishery administration ships arrived they encountered a new Vietnamese tactic. Vietnamese fishing craft swarmed around the *Yuzheng 311* preventing it from safely manoeuvring.

²⁴ 'Controversial Chinese Ban Affects More Vietnamese Fishing Vessels', *Thanh Nien News*, 5 June 2009; 'Fishermen Intimidated and Harassed by Chinese Patrol Boats', *Thanh Nien News*, 8 June 2009.

²⁵ 'MOFA Spokesman Answers Reporters' Question', *Nhan Dan on line*, 27 June 2009; 'Calling for Signs of Goodwill from China', *Thanh Nien News*, 28 June 2009; 'VN Official Asks for Chinese Counterparts' Help in Detained Fishermen Case', *VietNamNet Bridge*, 23 July 2009.

²⁶ 'China Arrests Vietnamese Fishermen, Demands Astronomical Fines', *Vietnam.net*, 30 June 2009; 'China Again Demands Money for Vietnamese Fishermen', *Vietnam.net*, 7 July 2009.

²⁷ 'Fishermen Team up for Protection, Vietnam Asks China to Lift Ban', *Thanh Nien News*, 8 June 2009.

²⁸ 'Vietnam Shuts Down Web Site in Dispute with China', *Associated Press*, 18 May 2009; Deutsche Presse-Agentur (DPA), 'Vietnam-China Territory Dispute Moves to Cyberspace', 19 May 2009. In April 2009, Vietnam's Ministry of Information and Communication suspended *Du Lich* (Tourism) newspaper for three months for publishing a series of articles praising the patriotism of Vietnamese students who demonstrated against China in late 2007. Nga Pham, 'Vietnam Paper Banned Over China', *BBC News*, 15 April 2009.

²⁹ DPA, 'China Detains Vietnamese Fishermen Fleeing Storms', 4 August 2009; DPA, 'Vietnam Asks China to Release Fishermen', 5 August 2009; Beth Thomas, 'China Releases Vietnamese Fishermen Seized Near Paracel Islands', *Bloomberg*, 12 August 2009.

³⁰ 'Chinese Nabbed Quang Ngai Fishermen Return Home', *Vietnam News Agency*, 15 August 2009.

When news of China's second naval exercises became public, the Vietnamese fishing boats left the area.

The United Nations Commission on the Limits of the Continental Shelf (CLCS)³¹ set 13 May 2009 as the deadline for littoral states to lodge claims to extended continental shelves beyond the 200 nautical mile limit set by the UN Convention of Law of the Sea. On 6 May, Malaysia and Vietnam submitted a joint proposal³² and on the following day Vietnam also presented a separate claim.³³ China quickly filed a protest but did not make a formal submission.³⁴ Under the rules of the CLCS contested submissions cannot be evaluated. Vietnam responded to China's actions by lodging its own protest.³⁵

In a new assertion of sovereignty, China documented its maritime claims by attaching a map containing nine dashed lines which formed a U-shaped area embracing virtually the entire South China Sea.

This would appear to be the first time that the People's Republic of China has officially presented its claim in this manner.³⁶ No map of this nature was attached to the three major declarations and one law that China regularly uses to support its maritime claims: Declaration on China's Territorial Sea (September 1958), Declaration of the People's Republic of China on the Territorial Sea and Contiguous Zone (1992), Declaration of the People's Republic of China on Baselines of the Territorial Sea (1996), and the Law of the People's Republic of China on the Exclusive Economic Zone and Continental Shelf (1998).

³¹ The United Nations Commission on the Limits of the Continental Shelf maintains a home page at: <http://www.un.org/Depts/los/clcs_new/clcs_home.htm> [Accessed 29 June 2010].

³² A copy may be found at: <http://www.un.org/Depts/los/clcs_new/submissions_files/submission_mysvnm_33_2009.htm> [Accessed 29 June 2010].

³³ A copy may be found at: <http://www.un.org/Depts/los/clcs_new/submissions_files/submission_vnm_37_2009.htm> [Accessed 29 June 2010].

³⁴ A copy may be found at: <http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2009re_mys_vnm_e.pdf> [Accessed 29 June 2010].

³⁵ Neil Ford, 'Progress in the South China Sea', *International Gas Report*, 8 June 2009; 'Receipt of the Joint Submission Made by Malaysia and the Socialist Republic of Viet Nam to the Commission on the Limits of the Continental Shelf', Secretary General of the United Nations, 7 May 2009; 'China Urges UN Commission not to Review Joint Malaysia-Vietnam Submission on Outer Limits of Continental Shelf', *Xinhua*, 7 May 2009. A copy of Vietnam's reply to China may be found at: <http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/vnm_chn_2009re_mys_vnm_e.pdf> [Accessed 29 June 2010].

³⁶ Unofficially, an earlier map had been in circulation based on a 1947 map drawn up by the Kuomintang (KMT) government. The KMT map contained eleven dashed lines; the PRC later deleted two dashes in the Gulf of Tonkin (Beibu Gulf). See the map reproduced in Stein Tonnesson, 'China and the South China Sea: A Peace Proposal', *Security Dialogue*, vol. 31, no. 3 (September 2000), p. 310.

In sum, Chinese assertiveness in the South China Sea has resulted in a greater interest by the United States to ensure stability in the area and safety of navigation along key SLOCs. In the past the United States has made clear that it took no position with respect to conflicting claims by the states involved. US concerns have centred on safety and freedom of navigation. This remains the US position. But the United States has now become more proactive because of Chinese threats to American commercial interests and the growing perception in the region that US primacy may be on the wane.

In the early months of the Obama Administration, a dispute arose between China and the Philippines over the latter's adoption of the Archipelagic Baselines Law. China objected and sent a patrol boat to monitor the disputed maritime zone.³⁷ President Obama called President Gloria Macapagal-Arroyo to reaffirm their mutual security relationship and Washington's commitment to the Visiting Forces Agreement.³⁸ The timing of the call was widely viewed as a gesture of support for the Philippines in its altercation with Beijing.³⁹

In July 2009, the US Administration spelled out its policies towards maritime issues in the South China Sea. Two officials, Deputy Assistant Secretary of State Scot Marciel and Deputy Assistant Secretary of Defense Robert Scher, were dispatched to Capitol Hill to give testimony to the Subcommittee on East Asia and Pacific Affairs of the Senate Committee on Foreign Relations. Deputy Assistant Secretary Marciel categorically rejected Chinese claims to territorial waters and maritime zones in the South China Sea that did not derive from a land territory. "Such maritime claims are not consistent with international law", he asserted.⁴⁰

Marciel also noted that the United States has "a *vital interest* in maintaining stability, freedom of navigation, and the right to lawful commercial activity in East Asia's waterways" (italics added). And more pointedly, after reviewing cases of Chinese intimidation against American oil and gas companies working with Vietnamese partners, Marciel stated, "We object to any effort to intimidate US companies".⁴¹

The Administration's policy, with respect to harassment of US naval vessels off Hainan, was made clear by Deputy Assistant Secretary Scher who outlined a four-point strategy:

³⁷ Sheldon W. Simon, 'U.S.-Southeast Asia Relations: Indonesia as Exemplar of Southeast Asia's Importance', *Comparative Connections: A Quarterly E-Journal on East Asian Bilateral Relations* (April 2009).

³⁸ *Philippine Daily Inquirer*, 17 March 2009.

³⁹ Storey and Thayer, 'The South China Sea Dispute', p. 68.

⁴⁰ Testimony of Deputy Assistant Secretary Scot Marciel, Bureau of East Asian and Pacific Affairs, US Department of State before the Subcommittee on East Asian and Pacific Affairs, Committee on Foreign Relations, United States Senate, Washington, DC, 15 July 2009.

⁴¹ *Ibid.*

In support of our strategic goals, the [Defense] Department has embarked on a multi-pronged strategy that includes; 1) clearly demonstrating, through word and deed, that US forces will remain present and postured as the preeminent military force in the region; 2) deliberate and calibrated assertions of our freedom of navigation rights by US Navy vessels; 3) building stronger security relationships with partners in the region, at both the policy level through strategic dialogues and at the operational level by building partner capacity, especially in the maritime security area, and 4) strengthening the military-diplomatic mechanisms we have with China to improve communications and reduce the risk of miscalculation.⁴²

As tensions mounted between China and Vietnam, Vietnam has become more receptive to stepped up defence relations with the United States. In June 2008, Vietnam's Prime Minister Nguyen Tan Dung made a high-profile trip to the United States where he met with President George W. Bush. He also became the first Vietnamese prime minister since 1975 to visit the Pentagon. In a joint statement released after the Bush-Dung meeting, both sides agreed to hold regular high-level talks on security and strategic issues. Moreover, President Bush also stated that the United States supported "Vietnam's *national sovereignty, security and territorial integrity*" (italics added).⁴³

President Bush's unprecedented comment was open to interpretation, as it did not explicitly identify the South China Sea. However, it reinforced comments made by US Defense Secretary Robert Gates earlier in the year in Singapore:

In my Asian travels, I hear my hosts worry about the security implications of rising demand for resources, and about *coercive diplomacy* and other pressures that can lead to disruptive complications ... All of us in Asia must ensure that our actions are not seen as pressure tactics, *even when they coexist beside outward displays of cooperation* (italics added).⁴⁴

Taken together, the comments made by President Bush, Secretary Gates and Assistant Secretary Marciel demonstrate that Washington has served notice on Beijing to stop intimidating American companies that want to undertake commercial activities in Vietnam's oil and gas sector in the South China Sea.

US and Vietnamese defence relations have also taken a more positive direction after repeated foot dragging by Hanoi. In October 2008, Vietnam and the United States inaugurated their first senior political-military dialogue

⁴² Testimony of Deputy Assistant Secretary of Defense Robert Scher, Asian and Pacific Security Affairs, Office of the Secretary of Defense before the Subcommittee on East Asia and Pacific Affairs, Senate Committee on Foreign Relations, United States Senate, 15 July 2009.

⁴³ 'Joint Statement Between the United States of America and the Socialist Republic of Vietnam', 24 June 2008, <<http://www.vietnamembassy.us/news/story.php?d=20080627045153>>

⁴⁴ International Institute for Strategic Studies (Singapore) speech as delivered by Secretary of Defense Robert M. Gates, Singapore, 31 May 2008, <<http://www.defenselink.gov/speeches/speech.aspx?speechid=1253>> [Accessed 29 June 2010].

between the US Department of State and Vietnam's Ministry of Foreign Affairs. In April 2009, Vietnamese military officials were flown out to the USS *John Stennis* aircraft carrier to observe flight operations in the South China Sea. In August 2009 and March 2010, Vietnamese shipyards carried out maintenance repairs on two US vessels attached to the US Navy Military Sealift Command.⁴⁵ In late 2009, Vietnam's Defence Minister General Phung Quang Thanh visited Washington and held discussions with Defense Secretary Gates at the Pentagon. On the way to Washington General Thanh stopped in Hawaii to visit the US Pacific Command where he was photographed looking into the periscope of an American submarine. The United States and Vietnam are scheduled to hold their first senior-level military-to-military talks in the second half of 2010. Finally, the 2010 *Quadrennial Defense Review* singled out Vietnam (along with Indonesia and Malaysia) as a potential strategic partner.⁴⁶

Impediments to Improved US-China Relations

Shortly after coming into office, the Obama Administration reached out to China and raised bilateral relations to ministerial-level with the convening of the first Strategic and Economic Dialogue (SED) in Washington in July 2009. The second SED was held in Beijing in May 2010.

In October 2009, Defense Secretary Gates received General Xu Caihou, Vice Chairman of China's Central Military Commission. General Xu also met with National Security Advisor James Jones, Chairman of the Joint Chiefs of Staff Admiral Michael Mullen, and Deputy Secretary of State James Steinberg. He also paid a courtesy call on President Obama. Xu and Gates reached agreement on seven issues:

Promoting high-level visits; enhancing cooperation in the area of humanitarian assistance and disaster relief; deepening military medical cooperation; expanding exchanges between armies of the two nations; enhancing the program of mid-grade and junior officer exchanges; promoting cultural and sports exchanges between the two militaries; invigorating the existing diplomatic and consultative mechanisms to improve maritime operational safety.⁴⁷

But it is clear that US-China military relations still have a long way to go. General Xu, for example, tabled four major obstacles that he claimed harmed bilateral relations:

⁴⁵ These ship repairs are part of an initiative by the US Military Sealift Fleet Support Command in Singapore to arrange "emergent and voyage repairs" for US Naval Fleet Auxiliary Force Program Ships. So far only allies and strategic partners of the United States, like Singapore, have participated in the initiative.

⁴⁶ US Secretary of Defense, *Quadrennial Defense Review Report* (Washington DC: Department of Defense, 2010), p. 59.

⁴⁷ Yang Qingchuan, 'Chinese, US Military Ties Face Opportunity for New Development', *Xinhua*, 29 October 2009.

The first and foremost obstacle is the US-Taiwan military relationship ... The Taiwan issue is related to the core interests of China and is a core issue that prevents the development of the US-China military relationship. If the US side can't handle this issue very well, a healthy and stable China-US military relationship will not be possible.

Second, US-military aircraft and ships' intrusions into China's maritime exclusive economic zone should be terminated. China hopes the US military can observe UN Convention on the Law of the Sea and Chinese maritime legislation, and stop such acts which would threaten China's security and interests.

Third, there is some US legislation which restricts the development of the China-US military relationship. Most notably is the 2000 Defense Authorization Act passed in 1999.

Another obstacle is the United States lacking strategic trust in China.

In March 2010, Chinese officials told two visiting senior US officials that China had elevated the South China Sea to a 'core interest' of sovereignty and would not tolerate any outside interference. The US officials noted that this was the first time China has elevated the South China Sea on a par with Taiwan and Tibet. The inference they drew was that China would use force to protect its 'core interest'.⁴⁸

There are several possible explanations to account for recent Chinese assertiveness in the South China Sea.⁴⁹ First, Beijing may be attempting to pressure Hanoi into accepting a joint exploration and production agreements covering energy fields located off the Vietnamese coast, similar in nature to the June 2008 pact between China and Japan to jointly develop the Chunxiao gas field in the disputed waters of the East China Sea. If so, Beijing's efforts are unlikely to succeed as the offshore energy fields in question lie within or at the edge of Vietnam's declared 200 nautical mile Exclusive Economic Zone.

Moreover, Vietnamese nationalism suggests that Hanoi will resist attempts by China to bully it into accepting such an arrangement. China's attempt to ratchet up pressure on US and other foreign oil companies to forestall their development of Vietnamese oil fields has not been successful either. Both British Petroleum and ExxonMobil have indicated their intention to proceed with existing contracts. The United States has clearly conveyed to China that it will resist such intimidation directed against American companies.

Second, China may be signalling to Vietnam its strong disapproval of deeper US-Vietnam security ties in an attempt to influence deliberations now underway in Vietnam in advance of the eleventh national congress of the Vietnam Communist Party in January 2011. Since 1995, when Vietnam and

⁴⁸ Wong, 'Chinese Military Seeks to Extend Its Naval Power'.

⁴⁹ This section is drawn from Storey and Thayer, 'The South China Sea Dispute'.

the United States normalised diplomatic ties, Hanoi has been careful to calibrate its defence relations with the United States so as not to offend China. However, since 2003 US-Vietnamese defence interaction has stepped up, a trend that has become more noticeable in response to Chinese actions in the South China Sea.

In late 2007, China's National Political Congress approved new administrative arrangements covering the South China Sea. This provoked a nationalist backlash among students in Vietnam and resulted in a diplomatic rebuke from China. This backlash carried over into 2008 and intensified in 2009 when retired national hero General Vo Nguyen Giap declared that Chinese involvement in bauxite mining in Vietnam's Central Highlands was a threat to national security. Rising anti-China nationalist sentiment in Vietnam represented a direct political challenge to the party leadership and their management of relations with Beijing.

Hanoi watchers speculate that the Vietnamese communist party leadership is divided between those seeking global integration and those that give priority to accommodating China as a socialist ally. Conservative party leaders who promote accommodation with China are fearful that domestic anti-China sentiment could challenge their nationalist credentials and harm friendly ties with China. Chinese assertiveness may be aimed at pulling Vietnam back into line by demonstrating that more is to be gained through accommodation than confrontation. If this analysis is correct China has miscalculated as Vietnamese party conservatives have had to lend their support to renewed self-help defence modernisation.

A third possible explanation for increased Chinese assertiveness is that Beijing is motivated primarily by geo-strategic concerns such as rising demand for energy, the need to guarantee the security of China's SLOCs and China's great power ambitions. The discovery of off-shore oil and gas reserves in the South China Sea would raise the stakes from Beijing's point of view. China has not only embarked on a major program to modernise the PLAN but has constructed a major naval base on Hainan Island from which China can project power into the South China Sea to enforce its maritime claims.

In 2002, ASEAN-China signed the Declaration on Conduct of Parties in the South China Sea to manage their territorial disputes. The Declaration calls for the parties to exercise "self restraint in the conduct of activities that would complicate or escalate disputes". Despite this declaration, territorial disputes in the South China Sea have moved from the back to the middle burner of Southeast Asian security concerns over the past three years. Recent naval incidents between China and the United States raise the possibility that the South China Sea could once again become a 'front burner' issue if not managed properly.

The following seven suggestions are offered to help reduce rising tensions:

1. China should be encouraged to cooperate with other littoral states in jointly managing fish stocks in the South China Sea and thus obviate the need for the aggressive implementation of unilateral fishing bans.
2. When the Declaration on Conduct of Parties was negotiated it was agreed that this was the first step towards a Code of Conduct. ASEAN and China now need to clarify and firm up the 'rules of the road' by negotiating a more legally binding Code of Conduct for the South China Sea.
3. China and the United States should negotiate an Incidents At Sea Agreement to prevent miscalculation and the possibility of a naval clash at sea.
4. China and other nuclear states, particularly members of the UN Security Council that have not done so, should accede to the Southeast Asia Nuclear Free Weapons Zone Treaty. China has long indicated it would be a signatory. ASEAN needs to clarify whether the geographic scope of this treaty includes the high seas south of Hainan.
5. Regional states should undertake an initiative to hold senior official-level discussions on the UN Convention on Law of the Sea in order to end the impasse over claims to extended continental shelves and to clarify what actions military vessels can undertake in the Exclusive Economic Zone of another country.
6. The forthcoming inaugural meeting of the ASEAN Defense Ministers Meeting Plus (ADMM Plus) in Hanoi should consider both confidence building and preventive diplomacy measures for the South China Sea.⁵⁰
7. Regional states should undertake further discussions to evaluate proposals to enhance the regional security architecture through a new mechanism involving regular meetings of heads of state/government to address a range of overlapping issues that affect regional security.⁵¹

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⁵⁰ The ASEAN Defense Ministers Meeting Plus comprises the ten ASEAN defence ministers and their eight dialogue partner counterparts (Australia, China, India, Japan, New Zealand, Russia, South Korea and United States). The inaugural meeting is scheduled for October 2010.

⁵¹ See Carlyle A. Thayer, 'Kevin Rudd's Asia-Pacific Community Initiative: Suggestions and Insights for the Future Process of East Asian Regional Cooperation', Paper presented to International Conference on East Asia and South Pacific in Regional Cooperation, The Shanghai Institutes of International Affairs, Shanghai, 9-10 September 2009. Available at <Scribd.com>.