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Chinese Disputes in the South China Sea: Risks and Solutions for the Asia-Pacific

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1. Introduction

While China has made great economic strides in development, and cooperates extensively with nations around the world on global economic growth through trade, concern is building regarding its intentions in the South China Sea. The increasing size and sophistication of China's military, and its lack of respect for global norms of human rights, transparency, and international law, is a growing issue. Many in the region think China's actions are geared towards establishing regional hegemony. China claims that it owns the South China Sea because it includes its name -- China. Vice Admiral Yuan Yubai stated in September that, "the South China Sea, as the name indicates, is a sea area that belongs to China." He didn't comment on whether, by that logic, the Gulf of Mexico belongs to Mexico, or the Indian Ocean to India.¹

Chinese President Xi Jinping promotes the idea of major-power cooperation with the United States. On September 25, 2015, at a joint press conference with President Obama in the White House Rose Garden, he said, "It is also my sincere hope that the two sides of China and the U.S. will proceed from the fundamental interests of the two peoples and world people, make joint efforts to build a new model of major-country relations between two countries, and realize non-conflict, non-confrontation, mutual respect and cooperation."²

All countries that are not "major powers" could reasonably be concerned that Xi is promoting a "new model of major-country relations" that leaves them out, or a deal among major powers, possibly to include Russia, in which the world is divided into spheres of influence.³ Were such a deal to be offered, the United States would never accept. Indeed, the United States has worked hard since the end of World War II to promote institutions and international law that enshrine sovereignty, human rights, democracy, and the independence of former colonial states.

President Obama mentioned international law three times during the press conference on September 25, but President Xi never mentioned it. In contrast, President Obama discussed national interests only three times, and President Xi referred to it eight times. While keyword counts are an inexact science, they do give us some indication of the two leaders' contrasting emphases -- President Obama on international law, and President Xi on national interests.⁴

China's influence-seeking efforts in the South China Sea are obvious. China uses its most advanced military techniques in support of these activities, and the resulting

¹ Hannah Beech, "The South China Sea Is Ours Because It's Got 'China' in the Name, Chinese Admiral Says." *Time Magazine*, September 15, 2015, accessed October 12, 2015, <http://time.com/4034455/south-china-sea-admiral-yuan-yubai-maritime-dispute/>.

² "Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference." The White House Office of the Press Secretary, September 25, 2015, accessed October 9, 2015, <https://www.whitehouse.gov/the-press-office/2015/09/25/remarks-president-obama-and-president-xi-peoples-republic-china-joint>.

³ Elizabeth Heath, "Berlin Conference of 1884-1885." *Oxford Reference*, accessed October 13, 2015, <http://www.oxfordreference.com/view/10.1093/acref/9780195337709.001.0001/acref-9780195337709-e-0467>.

⁴ Ibid.

instability extends beyond Southeast Asia. China’s investment in cyber-weapons,⁵ artificial intelligence, drones, naval vessels, and its shrinking of Asian military distances through long-range weaponry and the construction of artificial island military air fields are threatening regional stability.^{6 7}

China also threatens India’s territory in the Himalayas, Indonesia’s Natuna islands, the airspace of Japan, and the United States in space, cyberspace, and its naval Sea Lines of Communication (SLOCs). Figure 1, developed by the United States Department of Defense, illustrates U.S. concern with China’s territorial claims. The U.S. is pushing China to abide by accepted norms of international law and cease asserting dubious claims to maritime territory within the U-shaped line.⁸

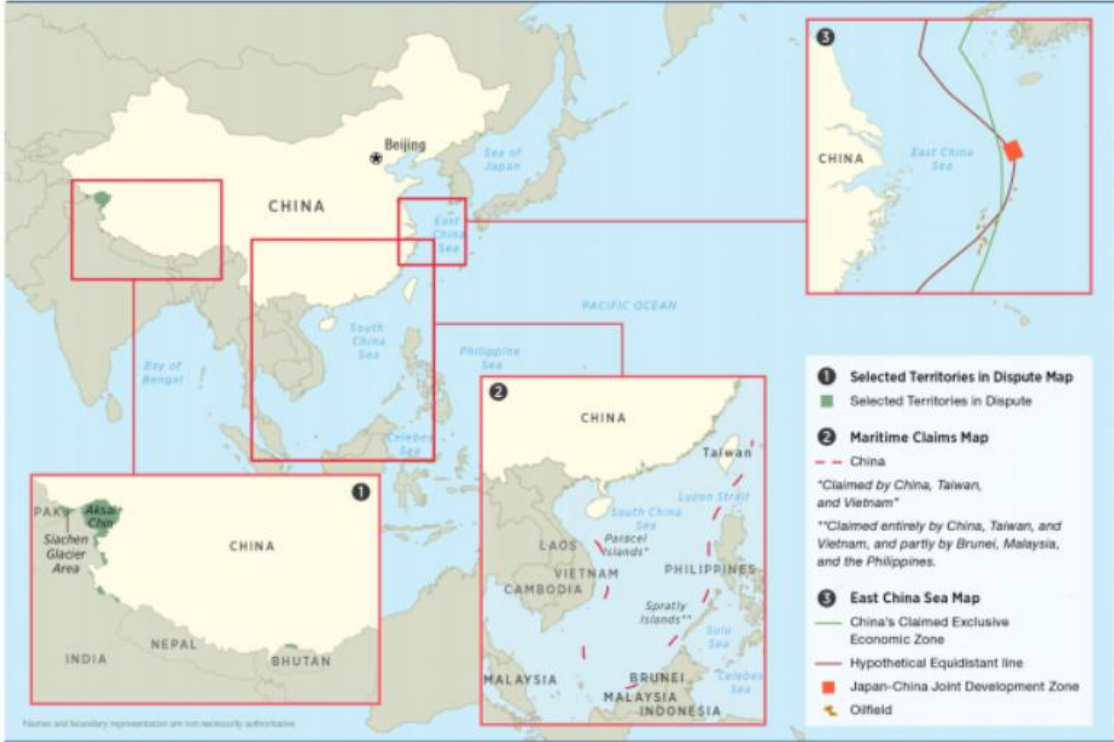


Figure 1: Chinese territorial conflicts with Japan, India, Philippines, Malaysia, Brunei, Indonesia, and Vietnam. Source: U.S. Department of Defense.⁹

⁵ Claimant countries and allies of claimant countries should consider methods to improve cyber peace and security. Boston Global Forum. The Ethics Code of Conduct for Cyber Peace and Security Version 1.0 (ECCC). Accessed 10/14/2015, <http://bostonglobalforum.org/blog/2015/09/the-ethics-code-of-conduct-for-cyber-peace-and-security-eccc-version-1-0/>.

⁶ U.S. Department of Defense Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2015*. D-117FA69. (Washington, D.C.: U.S. Department of Defense, 2015), 5. Available at http://www.defense.gov/pubs/2015_China_Military_Power_Report.pdf, accessed October 10, 2015.

⁷ Salvatore Babones, “Why China’s Massive Military Buildup Is Doomed.” *The National Interest*, August 5, 2015, accessed October 10, 2015, <http://nationalinterest.org/feature/why-chinas-massive-military-buildup-doomed-13494>.

⁸ Hayton, Bill. *The South China Sea: The Struggle for Power in Asia*. (New Haven: Yale University Press, 2014); Bill Hayton, “South China Sea: Still no evidence of historical Chinese claims.” *The Nation*, September 24, 2014, accessed October 12, /2015, <http://www.nationmultimedia.com/opinion/South-China-Sea-Still-no-evidence-of-historical-Ch-30243934.html>.

⁹ *Annual Report to Congress*, 5.

The principle of freedom of navigation, enshrined in international law since the 17th century, is under threat by China and its U-shaped line. China's lack of transparency means that security analysts must look at deeds and not speech in assessing its intent. The deeds are not encouraging. As Figure 1 shows, China has active territorial disputes with at least seven nations in Asia, including India, Japan, the Philippines, Malaysia, Brunei, Indonesia, and Vietnam, as well as Taiwan.¹⁰

Here we focus on threats deployed against the United States, Philippines, Malaysia, Brunei, Indonesia, Vietnam, and Taiwan in the South China Sea. Nevertheless, the threats also affect all maritime countries that use the SLOCs of the South China Sea, including Australia, Japan, India, South Korea, and Singapore.

We also focus on three major proposals to solve these disputes. The United States favors allowing international law to decide the issue, which would strengthen international law and virtually remove the threat of violence. China prefers joint development, in which claimant countries share revenues with China for EEZs that overlap China's U-shaped line. Japan, the Philippines and Vietnam, not wanting to share EEZ resources with China, and reasonably doubting that China will follow international court rulings (as China has indicated that it will not), favor strengthening alliances and potentially confronting China to force it to back down from its expansive claims.

2. Threats

At the Rose Garden on September 25, 2015, both President Obama and President Xi bent over backwards to put a positive spin on the U.S.-China relationship. The leaders of the world's two largest economies -- and militaries -- spoke of cooperation to improve trade, economic growth, and job creation. They highlighted areas in which the two countries have agreed to work together, including counterterrorism, improving the environment, humanitarian assistance, and international peacekeeping operations.¹¹ Such exchanges can be productive, but they mask growing tensions between China and the United States and its allies.

Affected U.S. Partners and Allies

China's activities in the South China Sea threaten U.S. allies and friends. President Xi is overseeing an unprecedented militarization of the South China Sea that affects Japan, Australia, South Korea, India, and Taiwan, as well as the ASEAN claimant nations of Philippines, Malaysia, Indonesia, Vietnam, and Brunei.

¹⁰ In addition to conflicting territorial claims, China and Taiwan have maintained an uneasy truce recently over the latter's status as an independent state. "World: Asia-Pacific Gaps remain between China and Taiwan." *BBC*, October 18, 1998, accessed October 12, 2015, <http://news.bbc.co.uk/2/hi/asia-pacific/195649.stm>.

¹¹ "Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference."

Based on a line drawn by a geographer in 1936,¹² followed by a Nationalist government map in 1947,¹³ China claims 90 percent of the South China Sea, surrounded by its U-shaped line.¹⁴ This includes a number of contested island chains, including the Paracel Islands (also claimed by Vietnam and Taiwan), the Spratly Islands (also claimed by Vietnam, the Philippines, Malaysia, Brunei, and Taiwan), Scarborough Shoal (also claimed by the Philippines and Taiwan),¹⁵ and the Natuna Islands (also claimed by Indonesia).¹⁶

China's claims contradict prevailing international law. The United Nations Convention on the Law of the Sea (UNCLOS) established in 1982 and ratified by China in 1996,¹⁷ determined that coastal states were entitled to claim 12 nautical miles from their coastline as sovereign territory. They are then given 200 nautical miles for an Exclusive Economic Zone (EEZ), meaning that country has the exclusive right to utilize the EEZ for economic purposes, including fishing and sub-sea mining. But persons from other countries are free to pass through, as enshrined by the principle of Freedom of Navigation (FoN).¹⁸ China's U-shaped line not only violates the EEZs of Vietnam, Indonesia, Malaysia, the Philippines, and Brunei,¹⁹ it also threatens freedom of navigation for all countries.

China's military efforts to claim maritime and island territory in the South China Sea stretch back over 40 years. The Philippines and Vietnam have suffered the brunt of the resulting military and commercial activity within their EEZs.

In 1974 China attacked South Vietnamese forces in the Paracels and sunk a Vietnamese ship, killing 74 Vietnamese sailors and asserting control over the Western portion of these islands.²⁰ In 1987 China took Fiery Cross Reef in the Spratlys and then Johnson Reef in 1988, killing 64 Vietnamese sailors. A Sino-Vietnamese naval battle ensued, in which the Chinese killed 70 Vietnamese sailors.²¹

¹² Hayton, *The South China Sea*, p. 56.

¹³ U.S. Department of State Bureau of Oceans and International Environmental and Scientific Affairs. *Limits in the Seas: China: Maritime Claims in the South China Sea*. By Kevin Baumert and Brain Melchior. No. 143. (Washington, D.C.: U.S. Department of State, 2014), 2. Available at <http://www.state.gov/documents/organization/234936.pdf> accessed October 12, 2015.

¹⁴ Clover, "Chinese launch floating fortress project."

¹⁵ Op. Cit., 13.

¹⁶ Avantika Chilkoti, "Call for China to tweak 'nine-dash line'." *The Financial Times*, September 16, 2015, accessed October 11, 2015, <https://next.ft.com/content/9787d0d2-5c2c-11e5-97e9-7f0bf5e7177b>.

¹⁷ "Declaration and statements." *Oceans & Law of the Sea United Nations, Division for Ocean Affairs and the Law of the Sea*, October 29, 2013, accessed October 12, 2015, http://www.un.org/Depts/los/convention_agreements/convention_declarations.htm.

¹⁸ "The United Nations Convention on the Law of the Sea (A historical perspective)." *Oceans & Law of the Sea United Nations, Division for Ocean Affairs and the Law of the Sea*, 1998, accessed October 12, 2015, http://www.un.org/Depts/los/convention_agreements/convention_historical_perspective.htm.

¹⁹ *Limits in the Seas*, 4-5.

²⁰ Hayton, *The South China Sea*, 75-76.

²¹ "China and Vietnam: a timeline of conflict." *CNN*, June 27, 2011, accessed October 10, 2015, <http://www.cnn.com/2011/WORLD/asiapcf/06/27/china.vietnam.timeline/>.

In the summer of 2014 China deployed a massive \$1 billion USD oil exploration platform, HD 981, within Vietnam's EEZ, leading to protests by Vietnamese civilian boats and multiple incidents of Chinese vessels colliding with the Vietnamese.²² In 2015, China completed a military-capable runway on the artificial island of Fiery Cross Reef.²³ U.S. military analysts at the Council on Foreign Relations (CFR) see a Vietnam-China military confrontation as sufficiently probable as to conduct contingency planning and explore mitigation strategies.²⁴

Conflict between China and the Philippines flared in 1995, when Chinese forces occupied Mischief Reef and held the crew of a fishing boat, *Analita*, hostage for a week.²⁵ In 1996 the two parties' naval vessels engaged in a 90-minute battle, with no casualties. China and the Philippines clashed again in 2012 during the Scarborough Shoal Incident, a two-month standoff in the northern Spratlys just 123 nautical miles from Manila, and well-within the Philippines' EEZ.²⁶ 2014 brought more incidents, including the Philippines' seizure of Chinese fishing boats and China's retaliation with water cannons against Philippine fishermen in Philippines' EEZ.²⁷

In 2012, China began using its civilian patrol vessels to accompany fishing boats in the coastal waters of other countries.²⁸ Since then, China's Coast Guard has continued to patrol the South China Sea, harassing Vietnamese and Filipino fishermen and interfering with other countries' oil exploration, including through the cutting of sonar cables and use of water cannon. These patrol missions often occur in contested areas. Patrol boats harassed locals in the Luconia Shoals, part of Malaysia's EEZ, and the Second Thomas Shoal, in the Philippines' EEZ. In 2015, a Chinese Coast Guard ship rammed into three Philippine fishing boats near Scarborough Shoal.²⁹

²² "Vietnam and China ships 'collide in South China Sea'." *BBC*, May 7, 2014, accessed October 9, 2015, <http://www.bbc.com/news/world-asia-27293314>; and Jane Perlez, "Chinese Oil Rig Near Vietnam to be Moved." *The New York Times*, July 15, 2014, accessed October 10, 2015, <http://www.nytimes.com/2014/07/16/world/asia/chinese-oil-rig-near-vietnam-to-be-moved.html>.

²³ Jeremy Page, Carol E. Lee, and Gordon Lubold, "China's President Pledges No Militarization in Disputed Islands." *The Wall Street Journal*, September 25, 2015, accessed October 10, 2015, <http://www.wsj.com/articles/china-completes-runway-on-artificial-island-in-south-china-sea-1443184818>.

²⁴ Joshua Kurlantzick, "A China-Vietnam Military Clash." *Council on Foreign Relations, Center for Preventive Action*, September 2015, accessed October 12, 2015, http://i.cfr.org/content/publications/attachments/CPA_ContingencyPlanningMemo_26.pdf.

²⁵ Hayton, *The South China Sea*, 85-86.

²⁶ "China's Maritime Disputes." *The Council on Foreign Relations*, accessed October 9, 2015, http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/?cid=otr-marketing_use-china_sea_InfoGuide.

²⁷ Ben Blanchard, "China blames Philippines for latest South China Sea incident." *Reuters*, February 26, 2014, accessed October 9, 2015, <http://www.reuters.com/article/2014/02/26/us-china-philippines-idUSBREA1P0I320140226>.

²⁸ Jane Perlez, "Philippines and China Ease Tensions in Rift at Sea." *The New York Times*, June 18, 2012, accessed October 12, 2014, http://www.nytimes.com/2012/06/19/world/asia/beijing-and-manila-ease-tensions-in-south-china-sea.html?_r=0.

²⁹ Vijay Sakhuja, "China's Big South China Sea Gamble." *The National Interest*, July 8, 2015, accessed October 12, 2015, <http://nationalinterest.org/blog/the-buzz/chinas-big-south-china-sea-gamble-13283>.

In 2013, the Chinese government unveiled its plan to reorganize and centralize the agencies related to maritime law enforcement. Known as the State Oceanic Administration, it is part of the Ministry of Land and Natural Resources. It encompasses China Marine Surveillance, Maritime Border Police, Fishing Regulation Administration, and General Administration of Customs. This change reflects the growing role of the Coast Guard as a separate entity from the PLA Navy.³⁰

While to an outsider, the use of the civilian-controlled Coast Guard seems to blur the lines between civilian and military law enforcement, to the Chinese this distinction is clear. The Coast Guard is only deployed within China's "national jurisdiction," meaning its territorial seas and EEZ, while the Navy is meant to operate in what China considers to be international waters.³¹

The deployment of the Coast Guard in the South China Sea is based on China's presumption that the area is within its national jurisdiction. Furthermore, China likely believes that using a supposedly civilian, rather than military, force in the South China Sea will help their case and decrease adverse international attention.³²

Other countries, however, see the Chinese patrols as escalating, rather than mitigating, threats in the South China Sea. Their reactions have not been positive, and the Philippines has used public diplomacy to spotlight China's behavior. For instance, after the Chinese Coast Guard used water cannon against Filipino fishermen near Scarborough Shoal in January 2014, the Philippine Armed Forces Chief of Staff, General Emmanuel Bautista, discussed the incident with the international press. He said that "the Philippine military would try to avoid confrontation with China but would react if China used violence against Philippine fishermen."³³

Higher Shipping Costs and Loss of Strategic Naval Transit

China's claim to "indisputable sovereignty"³⁴ over the South China Sea threatens freedom of navigation for all countries who utilize this important SLOC for naval transit and commercial shipping. The United States, Japan, South Korea, India, Australia, Singapore, and all the ASEAN countries would be affected if China

³⁰ Hong Nong, "China's Maritime Law Enforcement Reform and Its Implication on the Regional Maritime Disputes." *CSIS Asia Maritime Transparency Initiative*, April 1, 2015, accessed October 12, 2015, <http://amti.csis.org/chinas-maritime-law-enforcement-reform-and-its-implication-on-the-regional-maritime-disputes/>.

³¹ Ibid.

³² Ibid.

³³ Manuel Mogato and Ben Blanchard, "Philippines says China used water cannon on fishermen in disputed sea." *Reuters*, February 24, 2014, accessed October 13, 2015, <http://www.reuters.com/article/2014/02/24/us-philippines-southchinasea-idUSBREA1N0F820140224>.

³⁴ John Pomfret, "Beijing claims 'indisputable sovereignty' over South China Sea." *The Washington Post*, July 31, 2010, accessed October 11, 2015, <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/30/AR2010073005664.html>.

attempted to remove what it considers to be the untaxed privilege of transit over its territorial waters. Were the international community to acquiesce and thereby legitimize China's South China Sea claims, China could attempt to tax shipping through the region at a rate that could double shipping costs over some routes. China could also deny access to the South China Sea to U.S. and allied naval vessels, massively increasing transit costs and severely limiting the protection that U.S. naval vessels can provide to ASEAN nations.

Artificial Island Building -- Military and Environmental Effects

China has perfected the strategy of building artificial islands in the South China Sea in order to buttress its claims to surrounding waters, and provide the Chinese military with naval ports and military air fields. These facilities increase the range of its fighters and bombers over ASEAN members, and as far as Australia.³⁵

The naval blockade of fishing grounds, including Scarborough Shoal, a small outcropping of rocks 198 km from the former U.S. naval base at Subic Bay in the Philippines, has harmed many local coastal economies.³⁶ In August 2014 the Chinese foreign minister Wang Yi claimed that China had halted land reclamation activities on its artificial islands, but satellite images of continued dredging efforts on Subi and Mischief reefs in September contradict the claim.³⁷

China's island-building activities have increased instability in the region. The U.S. Secretary of Defense, with the authorization of President Obama, could soon send naval vessels near Chinese-controlled artificial islands to make the point that the international community does not recognize China's maritime claims in the South China Sea.³⁸

Lack of Transparency

China has exhibited a lack of transparency in its military and territorial expansion in the South China Sea. In his September 25 Rose Garden comments, President Xi made dubious claims about the South China Sea. He stated that "China is committed

³⁵ "Land reclamation in S China Sea may spur US to action: Kanwa." *Want China Times*, October 12, 2014, accessed October 12, 2015, <http://www.wantchinatimes.com/news-subclass-cnt.aspx?MainCatID=11&cid=1101&id=20141012000010>.

³⁶ Will Englund, "For some Filipino fishermen, the South China Sea dispute is personal." *The Washington Post*, June 7, 2015, accessed October 12, 2015, https://www.washingtonpost.com/world/asia_pacific/for-some-filipinos-the-south-china-sea-dispute-is-personal/2015/06/06/e77d373a-086c-11e5-951e-8e15090d64ae_story.html.

³⁷ Tom Mitchell, "Chinese activity on disputed islands raises doubt over halt claim." *The Financial Times*, September 16, 2015, accessed October 12, 2015, <https://next.ft.com/content/3ae95ac4-5c51-11e5-a28b-50226830d644>.

³⁸ Dan Lamothe, "U.S. Navy to China" We'll sail our ships near your man-made islands whenever we want." *The Washington Post*, October 8, 2015, accessed October 10, 2015, <https://www.washingtonpost.com/news/checkpoint/wp/2015/10/08/u-s-navy-to-china-well-sail-our-ships-near-your-man-made-islands-when-ever-we-want/>.

to the path of peaceful development and a neighboring foreign policy characterized by good neighborliness and partnership with our neighbors.” However, he contradicted himself by reiterating China’s unflinching position on the issue when he declared, “Islands in the South China Sea since ancient times are China’s territory. We have the right to uphold our own territorial sovereignty and lawful and legitimate maritime rights and interests.”³⁹

In an attempt to dissuade the international community, in particular the United States and allies, from opposing its actions in the South China Sea, President Xi said, “Relevant construction activities that China are undertaking in the island of South -- Nansha Islands [Spratleys] do not target or impact any country,” he said, “and China does not intend to pursue militarization.”⁴⁰

Photographic evidence contradicts President Xi’s statement. Earlier on the day the Chinese president made his remark, new satellite imagery was published that showed a completed runway capable of accommodating Chinese military aircraft on Fiery Cross Reef⁴¹ in the Spratly Islands.

Earlier, U.S. officials had made public their findings of two “large artillery vehicles” on one of China’s artificial islands⁴² and “a military garrison, coastal defense positions, the runway, four large aircraft hangars, communications facilities, and a municipal headquarters” on Woody Island in the Paracels.⁴³

Lack of Trust

China’s activities, including its lack of transparency, has decreased trust and stability among governments in the region. After its summit in April 2015 in Kuala Lumpur, ASEAN released a statement that China’s continuing land reclamation had “eroded trust and confidence and may undermine peace, security and stability in the South China Sea.”⁴⁴ It was only three years ago that ASEAN was unable to issue a joint statement because the parties could not agree to the wording of the South China Sea paragraphs,⁴⁵ so it seems that China’s recent activities have raised doubts among even the most pro-China of ASEAN members.

³⁹ “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference.”

⁴⁰ “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference.”

⁴¹ “China’s President Pledges No Militarization in Disputed Islands.”

⁴² Associated Press in Singapore, “China has artillery vehicles on artificial island in South China Sea, US said,” *The Guardian*, May 29, 2015, accessed October 9, 2015, <http://www.theguardian.com/world/2015/may/29/us-says-china-had-artillery-vehicles-on-artificial-island-in-south-china-sea>.

⁴³ James Hardy, “China expands runway, harbour at Woody Island,” *IHS Jane’s Defence Weekly*, August 29, 2014, accessed June 27, 2015, <http://www.janes.com/article/42538/china-expands-runway-harbour-at-woody-island>.

⁴⁴ Ben Blanchard, “China ‘extremely concerned’ by ASEAN statement on dispute sea.” *Reuters*, April 28, 2015, accessed October 12, 2015, <http://www.reuters.com/article/2015/04/28/us-china-southchinasea-idUSKBN0NJ0VT20150428>.

⁴⁵ Carlyle A. Thayer, “New Commitment to a Code of Conduct in the South China Sea?” *The National Bureau of Asian Research*, October 9, 2013, accessed October 12, 2015, <http://nbr.org/research/activity.aspx?id=360>.

There is also a high level of distrust between China and the United States in the Asia-Pacific. The United States is worried about China's efforts to project power. China in turn is concerned that the United States could be attempting "containment." But the United States has always supported an economically strong China as a trading and investment partner -- and the international system, supported by international law and enforcement mechanisms, has never supported countries that attempt to annex the territory of others.⁴⁶

While China's 2015 defense white paper reiterated the country's official position to not strike other countries first,⁴⁷ and President Xi has repeated the promise to find a peaceful resolution to disputes,⁴⁸ these assurances have not alleviated other nations' concerns because of China's past actions. China made the first move by invading Vietnam in 1979 with over 80,000 troops, thus starting the Sino-Vietnamese War.⁴⁹ More recently, the view that China plans to rise peacefully is tarnished by the small-scale skirmishes associated with its territorial expansion in the South China Sea, including the incidents at Johnson Reef and Scarborough Shoal.⁵⁰

China's refusal to sign a legally-binding document to regulate countries' activities and behavior in the South China Sea has further reinforced regional countries' distrust. Starting in 2000, ASEAN attempted to negotiate a Code of Conduct (COC) with China concerning the South China Sea. In 2002 China succeeded instead in convincing the ASEAN countries to sign the Declaration on the Conduct of Parties in the South China Sea (DOC). Although that declaration reaffirmed the parties' adherence to UNCLOS, freedom of navigation and overflight, and to resolve territorial disputes peacefully,⁵¹ it was a political rather than legal document. The lack of legal procedures has allowed China to continue to use the strategy of brinkmanship against other ASEAN countries to intimidate them into further concessions.

Despite China's resistance to a Code of Conduct, multilateral negotiations, binding arbitration, and freedom of navigation near China's artificial islands, President Xi has stated otherwise. "The countries directly involved should address their dispute through negotiation, consultation and in peaceful means. And we support freedom of

⁴⁶ Kevin Rudd, "The Price of Mistrust." *Foreign Policy*, May 7, 2015, accessed October 12, 2015, <http://foreignpolicy.com/2015/05/07/china-us-relations-washington-beijing/>.

⁴⁷ Keith Johnson, "China's Military Blueprint: Bigger Navy, Bigger Global Role," *Foreign Policy*, May 26, 2015, accessed June 20, 2015, <http://foreignpolicy.com/2015/05/26/chinas-military-blueprint-bigger-navy-bigger-global-role/>.

⁴⁸ Daniel Hurst, "Xi Jinping says China will always seek to resolve disputes peacefully." *The Guardian*, November 17, 2014, accessed October 12, 2015, <http://www.theguardian.com/world/2014/nov/17/xi-jinping-says-china-will-always-seek-to-resolve-disputes-peacefully>.

⁴⁹ David Stout, "The Last Time China Got Into a Fight With Vietnam, It Was a Disaster." *Time Magazine*, May 15, 2014, accessed October 12, 2015, <http://time.com/100417/china-vietnam-sino-vietnamese-war-south-china-sea/>.

⁵⁰ "China's Maritime Disputes."

⁵¹ "Declaration on the Conduct of Parties in the South China Sea." *Association of Southeast Asian Nations*, accessed October 10, 2015, <http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>.

navigation and overflight of countries according to international law and the management of differences through dialogue, and full and effective implementation of DOC and an early conclusion of the consultation of COC based on consensus-building.”⁵² China is violating the DOC by ignoring UNCLOS, and has strenuously resisted ASEANs efforts to conclude the COC since signing the DOC in November of 2002.⁵³

Regional Arms Race

Sadly, China’s claims and militarization of the South China Sea and other territorial disputes with Japan and India have led to a nascent arms race in a region desperate for social and economic development. Countries in the region have increased their defense budgets and the sophistication of their arsenals.

China’s defense spending in 2015 outpaced GDP growth and rose 10.1% from the previous year, to \$145 billion USD.⁵⁴ According to the U.S. Department of Defense’s 2015 Annual Report, China now possesses over 300 naval vessels, more than any other Asian country.⁵⁵ Among the new acquisitions are five nuclear attack submarines, four nuclear ballistic missile submarines, 53 diesel attack submarines, 13 SONG-class submarines, 13 YUAN-class submarines, and 12 KILO-class submarines purchased from Russia.

China plans to add to this fleet over the next decade, including another 16 to 25 diesel attack submarines, seven Yuan-class submarines, four new SHANG nuclear attack submarines, and potentially a new nuclear attack submarine with guided missiles.⁵⁶ The People’s Liberation Army Navy (PLAN) has also increased its surface combatant capabilities, including building six new destroyers. Already in possession of 17 JIANGKAI II FFG missile frigates and 31 JIANGDAO-class corvettes, China plans to build five more of the JIANGKAI II and has the potential to create another 60 of the corvettes.⁵⁷

China has also built three new amphibious transport docks of the YUZHOU-class, and is working on YUTING II-class tank landing ships.⁵⁸ Lastly, China launched its first aircraft carrier, the LIAONING, in 2012.⁵⁹ Two Chinese companies have also

⁵² “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference.”

⁵³ Huy Duong. “A Fair and Effective Code of Conduct for the South China Sea.” CSIS Asia Maritime Transparency Initiative. Accessed 10/13/2015, <http://amti.csis.org/a-fair-and-effective-code-of-conduct-for-the-south-china-sea/>.

⁵⁴ Richard A. Bitzinger, “China’s Double-Digit Defense Growth: What It Means for a Peaceful Rise.” *Foreign Affairs*, March 19, 2015, accessed October 10, 2015, <https://www.foreignaffairs.com/articles/china/2015-03-19/chinas-double-digit-defense-growth>.

⁵⁵ *Annual Report to Congress*, 8.

⁵⁶ *Ibid.*, 8-9.

⁵⁷ *Ibid.*, 9.

⁵⁸ *Ibid.*, 10.

⁵⁹ *Ibid.*, 11.

announced plans to build platforms up to 3.2km, which would host docks, airstrips, helipads, barracks, and what they call “comprehensive security bases.” These “floating fortresses” or “floating islands” are currently still in the modeling stage, but they could significantly bolster China’s Navy and *de facto* occupation of the South China Sea.⁶⁰

China has also conducted military exercises to prove its might in the South China Sea. In July 2015, it held a week-long exercise in the region, using over 100 naval ships and a number of aircraft in live-fire drills.⁶¹

China has rapidly developed its space capabilities, including programs to produce satellite kill vehicles that could disable U.S. commercial and military satellites necessary for command and control of far-flung U.S. diplomatic and military communications. The United States could at some point be faced with a security dilemma -- use its military forces or lose them -- specifically, lose control of them from lack of communications after a Chinese attack on U.S. satellites.⁶²

Largely in response to China’s growing defense spending, Southeast Asia’s annual defense spending will increase a relatively modest \$2 billion per year, from \$42 billion in 2015 to \$52 billion in 2020.⁶³ This increase is targeted at building or buying new naval equipment and weapons.

Singapore partnered with DCNS, the French naval contractor, to build “six Formidable-class multi-role frigates” and ordered two new submarines from a German defense contractor. Singapore is also building four Endurance-class amphibious ships.

Malaysia has ordered six corvettes from DCNS. Thailand ordered one Endurance-class amphibious ship from Singapore. Vietnam acquired three Kilo-class attack submarines from Russia and has ordered three more, will buy naval patrol boats from Japan, and is considering the purchase of jet fighters from the United States. The Philippines plans on purchasing 10 new Japanese coastguard vessels.

Lastly, Indonesia ordered three new submarines from a South Korean contractor.⁶⁴ In September 2015, Indonesia announced its plans to increase its Armed Forces’ presence around the Natuna Islands by deploying at least 2,000 personnel and unmanned aerial vehicles (UAVs). Defense Minister Ryamizard Ryacudu also discussed the government’s plan for military upgrades in the region, including air

⁶⁰ Charles Clover, “Chinese launch floating fortress project.” *The Financial Times*, August 14, 2015, accessed October 12, 2015, <https://next.ft.com/content/10c52276-40d8-11e5-b98b-87c7270955cf>.

⁶¹ Charles Clover and Victor Mallet, “China military exercises set to deepen concerns in region.” *The Financial Times*, July 29, 2015, accessed October 12, 2015, <https://next.ft.com/content/f2f2b394-35bf-11e5-b05b-b01debd57852>.

⁶² David Tweed, “New Report Finds China’s Space Plans Threaten U.S. Military Ability.” *Bloomberg*, March 2, 2015, accessed October 9, 2015, <http://www.bloomberg.com/news/articles/2015-03-02 /china-space-plans-threaten-u-s-military-ability-report>.

⁶³ Govindasamy, “Southeast Asia maritime build-up accelerates, raising risks in disputed seas.”

⁶⁴ *Ibid.*

defense radar at Rian Island and expanding the runway and airbase at Ranai to accommodate the air force's fighter aircraft and attack helicopters.⁶⁵

Such orders of armaments by small economic powers are relatively insignificant when compared to China's impressive and growing military. Smaller claimant nations would do much better to spend their limited resources on diplomatic protests of China and closer economic, political, and defense coordination with the United States and its allies.

China's Core Interests and U.S. Cyber-Security

China has made clear for years that a "core interest" -- its term for issues that are non-negotiable -- is the reunion of Taiwan with mainland China. But since 2004, China has gradually expanded the issues to which it applies the moniker of core interest, including to Tibet. Since 2010, some Chinese foreign policy officials even began calling the South China Sea a core interest of China.⁶⁶ Most recently, and in the context of discussions of the South China Sea and other sensitive sovereignty issues, Admiral Sun Jianguo of China told Admiral Harry Harris, Commander of United States Pacific Command (USPACOM) that "[We] hope the U.S. side can pay great attention to China's concerns, earnestly respect our core interests, avoid words and actions that harm bilateral ties, and reduce activities which cause misunderstandings or misjudgments."⁶⁷

China has not officially claimed the South China Sea as a core interest but is clearly exploring the notion.⁶⁸ Doing so is a risk in that if a conflict arises there, President Xi would potentially have to backtrack on a core interest and lose face. This is the nature of a "core interest", which is similar to a "line in the sand" or "red line" issue. They warn off enemies, but they also create an obligation to fight in defense of the interest. Not defending the interest causes the defender to lose face.

Xi Jinping knows that claiming a core interest in the South China Sea will not be ceded without a struggle. The U-shaped line includes claims against close U.S. allies

⁶⁵ Ridzwan Rahmat, "Indonesia plans to bolster Natuna Islands with UAVs, additional personnel." *IHS Jane's Navy International*, September 16, 2015, accessed October 10, 2015, <http://www.janes.com/article/54534/indonesia-plans-to-bolster-natuna-islands-with-uavs-additional-personnel>.

⁶⁶ Edward Wong, "Security Law Suggests a Broadening of China's 'Core Interests'." *The New York Times*, July 2, 2015, accessed October 11, 2015, <http://www.nytimes.com/2015/07/03/world/asia/security-law-suggests-a-broadening-of-chinas-core-interests.html>.

⁶⁷ Ben Blanchard, "China navy calls for United States to reduce risk of misunderstandings." *Business Insider*, October 1, 2015, accessed October 11, 2015, <http://www.businessinsider.com/r-china-navy-calls-for-united-states-to-reduce-risk-of-misunderstandings-2015-10>.

⁶⁸ In its first-ever military strategy white paper released in May 2015, China referred to its "overseas interests concerning energy and resources, strategic sea lines of communications" and highlighted the need to protect these interests to ensure the growth of its national interests. Xinhua, "Full Text: China's Military Strategy," *China.org.cn* 1, May 26, 2015, accessed October 12, 2015, http://www.china.org.cn/china/2015-05/26/content_35661433.htm.

and would give China maritime power at the expense of the United States and its allies. With zero-sum claims such as these, there is bound to be conflict.

In order to dissuade the United States from taking aggressive action on its claims, China needs both carrots and sticks. The carrots are well-known, and include the \$1.2 trillion of U.S. debt held by China⁶⁹ and the \$590 billion of annual U.S.-China trade.⁷⁰

The sticks are harder to surmise.

China's conventional and nuclear forces are smaller than those of the United States, and the use of them would likely invite severe retaliation. Less dramatic are cyber-costs that can be inflicted on the United States through so-called cyber-hostage deals or cyber bargaining chips.

Chinese hackers have stolen massive quantities of U.S. trade, technological, and military data, including in 2015, personal data of 22.1 million security clearance candidates. The United States continues to threaten economic sanctions for the stolen trade and technology data, but has thus far only weakly responded to China's non-commercial cyber-spying.⁷¹ China can use promises to decrease cyber activity against the United States in exchange for the softening of the U.S. stance on China's liminal core interests such as the South China Sea.

President Obama's focus on September 25 in the Rose Garden, despite the military provocations by China, was on cyber-theft of trade data, on which the two leaders had previously come to agreement.⁷² President Obama stated, "I raised once again our very serious concerns about growing cyber-threats to American companies and American citizens. I indicated that it has to stop. The United States government does not engage in cyber economic espionage for commercial gain."⁷³ While President Obama said that he had reached an agreement with President Xi to forgo commercial cyber-theft, he indicated that much remained to be addressed.⁷⁴ This undoubtedly must have included attempts to encourage China to stop its provocative cyber action against U.S. national security assets, including military technology.

⁶⁹ Min Zeng and Lingling Wei, "Once the Biggest Buyer, China Starts Dumping U.S. Government Debt." *The Wall Street Journal*, October 7, 2015, accessed October 11, 2015, <http://www.wsj.com/articles/once-the-biggest-buyer-china-starts-dumping-u-s-government-debt-1444196065>.

⁷⁰ "Foreign Trade: Trade in Goods with China," *United States Census Bureau*, accessed October 11, 2015, <https://www.census.gov/foreign-trade/balance/c5700.html>.

⁷¹ Ellen Nakashima, "Hacks of OPM databases compromised 22.1 million people, federal authorities say." *The Washington Post*, July 9, 2015, accessed October 11, 2015, <https://www.washingtonpost.com/blogs/federal-eye/wp/2015/07/09/hack-of-security-clearance-system-affected-21-5-million-people-federal-authorities-say/>.

⁷² Ellen Nakashima and Adam Goldman, "In a First, Chinese hackers are arrested at the behest of the U.S. government." *The Washington Post*, October 9, 2015, accessed October 11, 2015, https://www.washingtonpost.com/world/national-security/in-a-first-chinese-hackers-are-arrested-at-the-behest-of-the-us-government/2015/10/09/0a7b0e46-6778-11e5-8325-a42b5a459b1e_story.html.

⁷³ "Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference."

⁷⁴ *Ibid.*

President Obama seems to have expended most of his political capital with the Chinese on cyber-security, as the threat of economic sanctions only addressed cyber.

Nationalism

One of the underlying causes of China's increasingly assertive behavior is a reinvigorated nationalism promulgated by the government, at least in part to maintain China's internal stability. In China's oft-repeated story, it was the victim of exploitation and bullying by the colonial empires and Japan in the 19th and 20th centuries respectively. Queen Victoria was indeed the 19th-Century equivalent of a drug czar during the Opium Wars, and the Japanese were unspeakably brutal during their capture of Chinese territory from 1937 to 1945. But, Chinese historians simultaneously whitewash their own infractions, including as many as 45 million killed and starved during Mao's "Great Leap Forward" of industrial and farm collectivization between 1958 and 1962.⁷⁵

To build nationalist sentiment, Chinese officials pressure Chinese historians to cleanse their own history, demonize foreigners, and thereby imagine a pure process of Chinese communist state-building.⁷⁶ While all societies mold their own history to some extent, China's extreme nationalist revisionism is mandated by law, funded by the government, controlled by censors, and evident through all layers of Chinese society, from government official speeches to digital bloggers.⁷⁷

Increased nationalism, which is really meant to improve internal stability, has the side-effect of making China more assertive in its territorial expansionism. The need for internal stability drives propaganda stories of foreign enemies, which leads propagandists to seek or even invent stories of stolen territory from the *minutiae* of history, including digging into archives to find and emotionalize the once-obscure U-shaped line map, and the Senkaku island claim.⁷⁸ Xi Jinping's comments about the Spratly and Paracel islands at the White House on September 25, that "Islands in the South China Sea since ancient times are China's territory,"⁷⁹ are the latest example of nationalist revisionism and whitewashing of history.

⁷⁵ Frank Dikkoter. "Mao's Great Leap to Famine." *New York Times*, December 15, 2010. Accessed October 13, 2015, <http://www.nytimes.com/2010/12/16/opinion/16iht-eddikotter16.html>.

⁷⁶ Joyce Lau, "Highlighting Differences in Interpretations of the Opium War." *The New York Times*, August 18, 2011, accessed October 12, 2015, <http://www.nytimes.com/2011/08/19/arts/19iht-opium19.html>; Murong Xuecun, "China's Television War on Japan." *The New York Times*, February 9, 2014, accessed October 12, 2015, <http://www.nytimes.com/2014/02/10/opinion/murong-chinas-television-war-on-japan.html>; and Anderson, Benedict. *Imagined Communities*. (New York: Verso, 2006).

⁷⁷ Bethany Allen-Ebrahimian, "Riding the Tiger of Anti-U.S. Sentiment in the South China Sea." *Foreign Policy*, June 1, 2015, accessed October 10, 2015, <http://foreignpolicy.com/2015/06/01/south-china-sea-american-nationalism-tensions-war/>.

⁷⁸ Hayton, *The South China Sea*, 56-60; and "How uninhabited islands soured China-Japan ties." *BBC*, November 10, 2014, accessed October 12, 2015, <http://www.bbc.com/news/world-asia-pacific-11341139>.

⁷⁹ "Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference."

Exceptionalism

China uses its selective and biased historical narrative to increase its power internally, but also for international audiences such as the newly renamed “G-77 + China.”⁸⁰ The renaming, as one might imagine, was at the behest of China. The original G-77 actually includes China as one of the 77, but China wanted to stand out.

China sees itself as special and exceptional. As a rising economic powerhouse, China wants the rest of the world to agree and the Western powers and international organizations to cede their presence and influence in Asia, clearing the way for a new Chinese sphere of influence.

China is seeking to transform the international system, as illustrated in President Xi’s remarks, “China is the current international system’s builder, contributor, and developer, and participant, and also beneficiary. We are willing to work with all other countries to firmly defend the fruits of victory of the Second World War, and the existing international system [while] developing a more just and equitable direction.”⁸¹

China is seeking to supplant the international system with a gentleman’s agreement between the world’s major powers. He wants to replace the World Bank with his Chinese-controlled Asian Infrastructure Investment Bank (AIIB), and the United Nations Convention on the Law of the Sea with bilateral negotiations between China and claimant states.⁸²

If the current form of Chinese authoritarian and militaristic governance were extended, we could see Xi’s Chinese Dream of an ethno-nationalist variant of Marxism⁸³ imposed on Asia. This would delink Asia from the international system, except through Beijing, and from norms of democracy, sovereignty, human rights, and peace.

3. Solutions

We used the Boston Global Forum *Framework for Peace and Security in the Pacific*⁸⁴ to help find solutions to the South China Sea dispute, which will necessarily be

⁸⁰ “UN urges G77+China to united on combating poverty, climate change.” *UN News Centre*, June 15, 2014, accessed October 11, 2015, <http://www.un.org/apps/news/story.asp?NewsID=48053#.VhnftHpViko>.

⁸¹ “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference.”

⁸² “Taiwan not necessarily a core interest for China, says PLA general.” *Want China Times*, September 15, 2015, accessed October 11, 2015, <http://wantchinatimes.com/news-subclass-cnt.aspx?cid=1101&MainCatID=11&id=20150915000106>.

⁸³ Benjamin Carlson. “The World According to Xi Jinping.” *The Atlantic*, September 21, 2015, accessed October 13, 2015, <http://www.theatlantic.com/international/archive/2015/09/xi-jinping-china-book-chinese-dream/406387/>.

⁸⁴ *Framework for Peace and Security in the Pacific: A Boston Global Forum Report*. Accessed 10/14/2015, <http://bostonglobalforum.org/blog/2015/02/framework-for-peace-and-security-in-the-pacific-a-boston-global-forum-report/>.

multidimensional. Each country must choose between cooperative, accommodationist, or conflictual strategies for each issue -- for example oil exploration rights, fishing rights, freedom of navigation, territorial rights to artificial islands, and sovereignty rights over EEZs, EEZ overlaps, and the U-shaped line.

The conflict can be conceptualized as a network of issues and countries in which each country is connected to each other country through multiple issues, and each country is connected to all other countries through bargaining in which they seek support for their issues from allies.

International Law

Given the complexity of the South China Sea dispute, it is inconceivable to imagine a broad solution without the benefit of international law. With international law, the complex network of countries, issues, and alliances above is replaced by a rules-based system in which proper international activity is rewarded. Not applying international law in the South China Sea would be a reversion to a Hobbesian state.

In the case of the South China Sea, the relevant international law is enshrined by the United Nations Convention on the Law of the Sea (UNCLOS),⁸⁵ signed by China and the claimant countries bordering on the South China Sea. UNCLOS includes a detailed system for land-based claims, such as the 200-mile EEZ and 12 miles of territorial sea. These provisions are the closest the world has gotten to international law that would solve the South China Sea dispute.

Unfortunately, the United States Senate failed to ratify UNCLOS,⁸⁶ and China has claimed loopholes and exceptions in UNCLOS that they are trying to exploit in order to escape Philippines' current case before the Permanent Court of Arbitration in the Hague.⁸⁷ China claims that UNCLOS does not apply in this case because of China's written declaration that they appended to their ratification of UNCLOS on June 7, 1996.⁸⁸ China's UNCLOS ratification declaration refers to: 1) a February 25, 1992 Chinese law claiming the South China Sea,⁸⁹ as well as 2) an exception to compulsory dispute settlement found in Article 298 of UNCLOS. China extended these claims in 2009 to the area within the 9-dash line map, which they appended to

⁸⁵ "The United Nations Convention on the Law of the Sea (A historical perspective)."

⁸⁶ The United States Senate has not ratified UNCLOS, despite U.S. interests being very well represented in the treaty. Nevertheless, Democratic and Republican administrations since Clinton have supported the law. Ernest Z. Bower and Gregory B. Poling, "Advancing the National Interests of the United States: Ratification of the Law of the Sea." CS/S, May 25, 2012, accessed October 12, 2015, <http://csis.org/publication/advancing-national-interests-united-states-ratification-law-sea>.

⁸⁷ "The Republic of the Philippines v. The People's Republic of China." *Permanent Court of Arbitration*, accessed October 12, 2015, http://www.pca-cpa.org/showpage65f2.html?pag_id=1529.

⁸⁸ "Declaration and statements."

⁸⁹ The Standing Committee of the National People's Congress. *Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone*. No. 55 (February 25, 1992). Available at <http://www.asianlii.org/cn/legis/cen/laws/lotprocottsatz739/>, accessed October 12, 2015.

a *notes verbale* to all members of the United Nations. The United States has disputed all these claims, both in writing and through freedom of navigation operations (FONOPS), and has affirmed at the executive level the validity of UNCLOS.⁹⁰

The Philippines' legal case is therefore not clear-cut. The deliberations have lasted since 2013 and will not be limited to the facts of the case and effects on claimants. They will include considerations of the enforceability of the decision, how such enforcement or non-enforcement affects the reputation of the court and international law, as well as the direction of the overall international system. A decision in favor of the Philippines will elicit China's derision, directed at the court, and China's likely further withdrawal into a shell of nationalism. Indeed, China has already announced that it will ignore the court's ruling. A decision against the Philippines will lead to public disappointment in all claimant states, the United States, and Europe. It will also make it more difficult for the United States or other supporters of international law to enforce claimant countries' EEZs.

The evolution of international law is rarely clean and can require some level of force. Regardless of what the court decides, the United States should eventually support its friends and allies in Asia and come down in favor of the 200-mile EEZ for all claimants in the South China Sea. The United States and European Union should stand against exceptionalism and territorial expansionism, and move to ratify UNCLOS and enforce customary international law. Not doing so will erode the system of international law and invite further transgressions on the part of expansionist powers in maritime zones.

Joint Development

One of China's favored solutions to the South China Sea dispute is what they call "joint development" or "win-win solutions". At the White House on September 25, President Xi stated, "People should move ahead with the times, and give up on the old concepts of 'you lose, I win' or 'zero-sum game,' and establish a new concept of peaceful development and willing cooperation."⁹¹ China is seeking joint development with the Philippines and Vietnam, in which they would be allowed to develop the oil and gas resources within their 200-mile EEZs, but only with the agreement of, and revenue sharing with, China. These countries reject revenue sharing from economic activity in their own EEZ as an infringement of their sovereignty, and as a violation of international law.

The United States and European Union should also reject China's attempt to gain revenue shares from South China Sea claimant nations' development of fish, oil and

⁹⁰ "China, People's Republic Of." *U.S. Navy Judge Advocate General's Corps*, April 2013, accessed October 12, 2015, <http://www.jag.navy.mil/organization/documents/mcrrm/China2013.pdf>.

⁹¹ "Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference."

gas within their 200-mile EEZs. According to UNCLOS, these development rights should belong exclusively to those countries that can measure an EEZ from their coastline, not from an arbitrary line drawn on a map of the sea, such as China's U-shaped line.

Acquiescing to China's claim of rights to revenue sharing would reward their *modus operandi* of making valuable claims and then attempting to bully smaller nations into acceptance. This is not in the spirit of international law, and weakens the law of the sea and its future applicability.

If there is to be joint development, it should be from technology sharing and market principles, not the sharing of royalties with China based on the supposed sovereignty of the U-shaped line. If China provides the technology for oil exploration and extraction, they would obtain a fee based on market rates, just as Exxon or Total obtains a fee for technical services.

Strengthened Alliances

China has explicitly stated that it rejects the Philippine-brought arbitration case at the Permanent Court of Arbitration at the Hague. Therefore China has put itself outside the realm of international law, and continues to take action, through artificial island and military air field building, prejudicial to claimant countries' interests.

Those claimant countries, and supporters of international law, have justification to put an immediate halt to Chinese island and military air field building. Either of two following options are worthy of consideration: 1) put an immediate end to Chinese building efforts through the use of peaceful naval pressure tactics, or 2) allow the Permanent Court of Arbitration at the Hague to make a decision, and then follow up with enforcement accordingly.

Both approaches have benefits and costs. Immediate action could force China into retreat. China's navy is small compared with that of the United States, especially when combined with naval forces of allies Japan, Australia, and South Korea.

Waiting until the Permanent Court of Arbitration at the Hague makes a ruling gives rule of law a chance, but gives China time to strengthen its position, build its navy, and improve military facts on the ground that would be difficult to change. Both strategies are valid, with costs and benefits, but both at some point include the threat of force should China continue on its expansionist path.

To project credibility and decrease the risk of conflict, the threat of U.S. force should be backed by strengthened alliances. The Philippines government is already actively seeking, despite constitutional questions, to increase military cooperation with the United States. Hundreds of U.S. special forces and numerous U.S. P-8 Poseidon

surveillance aircraft are based on a rotational basis (a loophole in the Philippine Constitution) in the Philippines.⁹²

The Philippines has taken measures to reinforce its own maritime presence through the purchase of 10 new coast guard vessels from Japan.⁹³ The Philippines has also discussed allowing Japanese naval and aircraft vessels to use Philippine bases,⁹⁴ and the Philippines agreed to a 10 year defense cooperation agreement with the United States that, if its Supreme Court approves, would allow U.S. forces to occupy Philippine bases for the first time since having been evicted in 1991.⁹⁵

Malaysia, another claimant country, has also increased military cooperation with the United States, including the hosting of P-8 aircraft and discussions for hosting P-3 Orion surveillance planes.⁹⁶

Vietnam is actively seeking closer diplomatic relations with the United States and Australia, including a historic first-time visit of its Secretary General of the Communist Party to the United States in 2015.⁹⁷ President Obama and Secretary General Nguyen Phu Trong drafted a joint statement that included a remarkable concordance of interests in the South China Sea:

Both countries are concerned about recent developments in the South China Sea that have increased tensions, eroded trust, and threatened to undermine peace, security, and stability. They recognize the imperative of upholding the internationally-recognized freedoms of navigation and overflight; unimpeded lawful commerce, maritime security and safety; refraining from actions that raise tensions; ensuring that all actions and activities taken comply with international law; and rejecting coercion, intimidation, and the use or threat of force. Both countries support the peaceful resolution of disputes in conformity with international law, including as reflected in the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS), and recognize the importance of fully implementing the Declaration on Conduct of Parties in the

⁹² Trefor Moss, "U.S., Philippines Forge Closer Military Ties Amid China Tensions." *The Wall Street Journal*, October 8, 2015, accessed October 11, 2015, <http://www.wsj.com/articles/u-s-philippines-forge-closer-military-ties-amid-china-tensions-1444304011>.

⁹³ Siva Govindasamy, "Southeast Asia maritime build-up accelerates, raising risks in disputed seas." *Reuters*, May 25, 2015, accessed October 9, 2015, <http://www.reuters.com/article/2015/05/26/us-southchinasea-maritime-buildup-idUSKBN00A1JD20150526>.

⁹⁴ "Philippines to allow Japan to use its military bases against Chinese aggression." *The Telegraph*, June 5, 2015, accessed October 13, 2015, <http://www.telegraph.co.uk/news/worldnews/asia/philippines/11653747/Philippines-to-allow-Japan-to-use-its-military-bases-against-Chinese-aggression.html>.

⁹⁵ Mark Townsend, "Philippines debates return of US forces." *The Financial Times*, September 23, 2015, accessed October 13, 2015, <http://www.ft.com/intl/cms/s/0/916e7aba-61aa-11e5-9846-de406ccb37f2.html#axzz3oJQbm2qZ>.

⁹⁶ Josh Rogin, "Malaysia and U.S. in Talks to Ramp Up China Spying." *Bloomberg*, September 3, 2015, accessed October 12, 2015, <http://www.bloombergvew.com/articles/2015-09-03/malaysia-and-u-s-in-talks-to-ramp-up-china-spying>.

⁹⁷ Carl Thayer, "Is Vietnam Pivoting Toward the United States?" *The Diplomat*, July 6, 2015, accessed October 12, 2015, <http://thediplomat.com/2015/07/is-vietnam-pivoting-toward-the-united-states/>.

South China Sea in its entirety, as well as efforts to conclude the Code of Conduct of Parties in the South China Sea.⁹⁸

What makes the warming of relations between Vietnam and the United States particularly interesting is that only 45 years ago, the U.S. and Vietnamese communists were in a bitter war, with China supporting the communists. Now China's maritime aggression against Vietnam has reversed the tensions.

Vietnam has turned to purchasing military equipment and strengthening ties with additional powerful allies in reaction to China's activities. It has plans to secure military ships and equipment from Japan as part of an effort to increase their defense and security cooperation, and to secure another six patrol boats from the United States while also working to strengthen ties between the two countries.⁹⁹

Vietnam is asking the United States to recognize it as a market economy, look past human rights and democracy issues at the bigger China threat, and lift the ban on lethal weapons sales from the United States to Vietnam. Vietnam's President Truong Tan Sang told the Associated Press, in September 2008, "The moment the United States fully lifts the ban on lethal weapons sales to Vietnam will send a signal to the whole world that the Vietnam-U.S. relations have been fully normalized." He added that the signal would show an improvement of trust between the two nations.¹⁰⁰

While Western countries and their allies have on some level benefited by China's maritime aggressions through strengthened alliances with other Asian countries, the current hub-and spoke bilateral alliance system, with the United States at its center, is not as powerful as the network alliance of NATO in Europe. NATO in Europe is a much stronger alliance system as it includes a requirement for all member states to act in defense of any single member state that is attacked.

The stronger the alliance network in Asia, the more influence it will have on China. States in the region that oppose Chinese expansion, including the United States, Japan, Australia, South Korea, Vietnam, Philippines, and others who wish to join, should lead an effort to form a stronger network of multilateral Asian alliances¹⁰¹ that can persuade China to back away from its hegemonic policies.

⁹⁸ "United States-Vietnam Joint Vision Statement", July 7, 2015, accessed October 13, 2015, <https://www.whitehouse.gov/the-press-office/2015/07/07/united-states-%E2%80%93-vietnam-joint-vision-statement>; Carl Thayer, "8 Developments in US-Vietnam Relations Show Emerging Partnership." *The Diplomat*, July 13, 2015, accessed October 12, 2015, <http://thediplomat.com/2015/07/8-developments-in-us-vietnam-relations-show-emerging-partnership/>.

⁹⁹ John Boudreau, "Japan to Give Vietnam Boats, Equipment Amid China's Buildup." *Bloomberg*, September 15, 2015, accessed October 13, 2015, <http://www.bloomberg.com/news/articles/2015-09-16/japan-to-give-vietnam-boats-equipment-amid-china-s-buildup>.

¹⁰⁰ John Danizewski and Matthew Pennington. "Vietnam Leader: China Island Work Violates International Law." Associated Press, accessed October 14, 2015, <http://news.yahoo.com/vietnam-leader-china-island-violates-international-law-150915967.html>.

¹⁰¹ Scott Snyder, "Obama's Opportunity in Asia: Forge An Alliance Network." *Forbes*, April 21, 2014, accessed October 12, 2015, <http://www.forbes.com/sites/scottasnzyder/2014/04/21/obamas-opportunity-in-asia-forge-an-alliance-network/>.

We propose, in accordance with the principles of the Boston Global Forum Framework for Peace and Security in the Pacific, to call such an alliance the *Pacific Security Alliance* (PSA). The PSA should be ready to immediately, if and to the extent that the Permanent Court of Arbitration does not solve the dispute, lead joint patrols in the South China Sea. The PSA should include the United States, Japan, South Korea, Vietnam, Philippines, and Australia. China can also be invited if it is ready to prove with its speech and actions a commitment to international norms, standards, and regulations to keep peace and security in the Pacific region.

International Stabilizers

The United States, European Union, Japan, Australia, India and South Korea have a strong interest in the stability of the South China Sea region. The United States needs the South China Sea for naval and cargo transit. The European Union, like all of these countries, needs a stable international system based on international law. Japan, South Korea, and Australia have a regional interest in seeing the rise of a peaceful and strong China focused on economic growth -- not a China seeking to translate growth into territorial gains. All these nations, likewise, have an interest in a stable South China Sea through the provision of security and enforcement of international law.

For these reasons, all these countries have an interest in supporting the claimant countries to their 200-mile EEZs. The Philippines, Malaysia, Brunei, Indonesia, Vietnam, and Taiwan should not have to stand singly against what for them is the massive economic, political, diplomatic, and military power of China.

Cooperation should also include trust-building exercises and joint naval patrols. The latter could include an emergency council to deconflict tensions. Joint surveillance missions could detect and stop a potential conflict before it erupts into a clash. Whereas many countries singly would be too cautious to transit within 12 nautical miles of China's militarized islands,¹⁰² joint patrols with the U.S. Navy would allow such action.¹⁰³

4. Conclusion

Western powers and their Asian allies hope that China will rise peacefully and in accordance with international norms, institutions, and laws. Indeed, the West has

¹⁰² Adam Rose and David Brunnstrom, "China warns U.S. it will not allow violations of its waters." *Reuters*, October 9, 2015, accessed October 11, 2015, <http://www.reuters.com/article/2015/10/09/us-china-usa-southchinasea-idUSKCNOS30ND20151009>.

¹⁰³ Demetri Sevastopulo, "US warships to challenge Chinese claims in South China Sea." *The Financial Times*, October 8, 2015, accessed October 12, 2015, <https://next.ft.com/content/868ab0d2-6d6c-11e5-aca9-d87542bf8673>. In addition to maritime security operations, these stabilizing countries can support claimant countries on cyber-security, including through large information technology companies such as Google. They can also increase the transparency of international telecom companies.

assisted China's economic and political rise, through such means as development assistance and loans, investment, education, open markets, and technology transfers.

It is in the economic interest of the West to promote a strong and prosperous Chinese economy. As a high growth rate economy that was the world's third-largest in 2014 after the European Union (\$18.5 trillion USD) and United States (\$16 trillion USD), China (\$10.4 trillion USD) is crucial to global economic growth.¹⁰⁴ The West and its allies understand this, and China has benefited from the liberal trade policies of the United States, Japan, South Korea, Germany, and Australia.

The West and its allies also assist China by providing structure to the international system so that China can focus on economic development rather than excessive military spending for defense of its borders. The West provided this through the League of Nations starting in 1919, and the United Nations in 1945. The United States rolled back Japan's territorial expansion into China in 1945, and countered Soviet expansionism after World War II. This allowed China the space to expand its economy and solidify its sovereignty.

Today, a new Pacific Security Alliance would continue to provide peace and security in the South and East China Seas such that China and other regional countries could continue to focus on economic growth. Joint international patrols will be crucial to operationalizing peace and security in the Pacific.

China would do well to remember that it is an important, but relatively moderate, part of the global economy. It need not attempt to translate its growing economic power into military and territorial gains. The good will and markets upon which China has grown its economy can be removed through economic sanctions, and non-cooperative international behavior. This did not work well for Putin's economy following his Crimea annexation, and it will not work well for China.

The true win-win solution is a regional refocus on peaceful development, supported by respect for the spirit of international law and a new regional security architecture such as a Pacific Security Alliance. Countries that seek trade, investment, and friendly diplomatic relations will all be winners. They will trade with each other, invest in each other's countries, and support each other diplomatically. The international community of nations welcomes China to join the club.

¹⁰⁴ "World Economic and Financial Surveys: World Economic Outlook Database." *International Monetary Fund*, July 9, 2015, accessed October 12, 2015, <https://www.imf.org/external/pubs/ft/weo/2015/01/weodata/index.aspx>.

APPENDIX

Speakers in the Boston Global Forum Conferences on Peace and Security in the South China Sea

Moderators:

Michael S. Dukakis, Co-Founder and Chairman, Boston Global Forum, Former three-term Governor of Massachusetts, and 1988 Democratic presidential nominee.

Joseph S. Nye, Jr., Member of Board of Thinkers, Boston Global Forum, University Distinguished Service Professor, Harvard University

Speakers:

Governor Michael Dukakis, Chairman & Co-Founder, Boston Global Forum

Anh-Tuan Nguyen, Co-Founder, CEO, Boston Global Forum; Chair, International Advisory Committee, UNESCO-UCLA on Global Citizenship Education

Professor Thomas E. Patterson, Co-Founder, Member of Board of Directors, Member of Editorial Board, Boston Global Forum; Bradlee Professor of Government and the Press, Harvard Kennedy School

Professor John Quelch, Co-Founder, Member of Board of Directors, Boston Global Forum; Charles Edward Wilson Professor of Business Administration, Harvard Business School

Professor Joseph S. Nye Jr., Member of Board of Thinkers, Boston Global Forum; Harvard University Distinguished Service Professor

David E. Sanger, Chief Washington correspondent, The New York Times; Senior Fellow, Belfer Center for Science and International Affairs; Adjunct Lecturer in Public Policy, Harvard Kennedy School

Bonnie S. Glaser, Senior Advisor for Asia and Director, China Power Project, Center for Strategic & International Studies

Professor Sean P. Henseler, Director of Operations, Operational Level Programs, U.S. Naval War College, Newport, Rhode Island.

Bill Hayton, TV journalist, BBC World News TV; writer, reporter, producer and occasional media development consultant

Brent Colburn, Fellow of Institute of Politics, Harvard University; Former Assistant to the Secretary of Defense for Public Affairs

Tsutomu Himeno, Consul General of Japan in Boston

Ambassador Ichiro Fujisaki, President of the America-Japan Society, Inc.; Professor of Sophia University and Keio University; Ambassador of Japan to the United States of America (2008-2012)

Ambassador James D. Bindenagel, Henry Kissinger Professor for International Security and Governance at the University of Bonn, Germany; Former U.S. Ambassador

Professor Fumio Ota, Former Professor, Defense Academy of Japan (2005 – 2013)

Professor Richard Cooper, Maurits C. Boas Professor of International Economics, Harvard University

Michael H. Fuchs, Deputy Assistant Secretary for Strategy and Multilateral Affairs, Bureau of East Asian and Pacific Affairs, U.S. Department of State

Dr. Lei Guo, Assistant Professor, Division of Emerging Media Studies, College of Communication, Boston University

Richard Javad Heydarian, Assistant Professor in political science, De La Salle University (Philippines); Author of “Asia’s New Battlefield: US, China, and the Struggle for Western Pacific” (Zed, London)

Llewellyn King, Member, Boston Global Forum Editorial Board; Co-Host, Executive Producer of “White House Chronicle”, PBS

Professor Koji Murata, President, Doshisha University

Professor Suzanne Ogden, Member of Editorial Board, Boston Global Forum; Professor emeritus, Department of Political Science & Faculty associate, Center for Emerging Markets, Northeastern University

Richard Pirozollo, Member, Boston Global Forum Editorial Board; Founder and Managing Director, Pirozollo Company Public Relations

Grant F Rhode, PhD, Visiting Researcher, Center for the Study of Asia, Boston University; Research Associate, Fairbank Center for Chinese Studies, Harvard University

Professor Richard Rosecrance, Adjunct Professor, Harvard Kennedy School; Research Professor of Political Science, University of California, Los Angeles

Elliot W. Salloway, D.M.D., Chief Operating Officer and Executive Director of Global Art Competitions, Boston Global Forum; Co-Founder and Executive Director of North America, Asia, and Indochina, Project Exodus; Retired Harvard Dental Faculty Member

Minh-Vu Truong, Member, Young Leaders Network for Peace and Security; Director of Center for International Studies, University of Social Sciences and Humanities, Ho Chi Minh City (SCIS)

Thomas J. Vallely, Member of Board of Thinkers, Boston Global Forum; Senior advisor, Mainland Southeast Asia; Ash Center for Democratic Governance and Innovation, Harvard Kennedy School

Admiral Nirmal Verma, U.S. Chief of Naval Operations Distinguished International Fellow, U.S. Naval War College – Newport RI; India's High Commissioner to Canada (2012-2014); Former Chief of Naval Staff of Indian Navy

Professor Ezra Vogel, Member of Board of Thinkers, Boston Global Forum; Henry Ford II Professor of the Social Sciences Emeritus, Harvard University

Professor Zheng Wang, Director and Associate Professor, Center for Peace and Conflict Studies, School of Diplomacy and International Relations, Seton Hall University

Ambassador Shunji Yanai, Judge and Former President, The International Tribunal for the Law of the Sea (ITLOS); Ambassador Japan to the United States of America (1999–2001)



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