



# IDSS COMMENTARIES (20/2005)

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## **China and the South China Sea: What Happened to ASEAN's Solidarity?**

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26 April 2005

ON 14 March this year, Vietnam, the Philippines and China announced an agreement to conduct joint exploration within certain parts of the South China Sea. This announcement has had the effect of isolating the remaining ASEAN claimants -- Malaysia, Brunei and Indonesia -- while raising the potential for ASEAN disunity. In addition, recent displays of discord -- such as the tensions between Indonesia and Malaysia over the Sulawesi Sea -- have the added risk of emboldening Beijing to be more assertive in its relations with ASEAN. It is only through greater unity that ASEAN will continue to exercise sufficient leverage to ensure that its relationship with China remains as economically and politically beneficial as possible.

China, Taiwan and the ASEAN states of Brunei, Vietnam, Malaysia, the Philippines and Indonesia are all claimants to the South China Sea, in whole or in part. Unlike the ASEAN states, China and Taiwan have petitioned for the entire sub-region. This, in one way or another, encroaches upon all the remaining claims and reaches as far south as Indonesia's Exclusive Economic Zone (EEZ), its continental shelf and the Natuna gas field. It is the actual and potential resources of the sub-region (such as oil) that have been a factor behind several military skirmishes. The worst involved China and Vietnam in 1988 where Vietnam lost three naval ships and 72 crewmen during an attempt to prevent Chinese construction on Fiery Cross Reef. Further incidents include the firing of artillery by the Taiwanese military in 1995; the arrest of Chinese fishermen by the Philippines in 1998; and in the same year, the firing by Vietnamese soldiers on a Philippine fishing boat near Tennant Reef. Interestingly, at least 80 percent of the publicly recorded incidents have in some way involved China.

By 1995 China had constructed substantial facilities on Mischief Reef. To ASEAN's credit, its members united and censured China. But in 1996 three Chinese vessels allegedly entered into a 90-minute firefight with the Philippines and by 1998, China had upgraded its facilities further. In hindsight, ASEAN's censure of China represented the peak of the group's cohesion on the issue. Thereafter, a growing sense of disunity developed during negotiations for a code of conduct. By 2002 these negotiations failed and the claimants instead signed a non-binding communiqué known as the Declaration on the Conduct of Parties in the South China Sea. As regional analyst Barry Wain states, "disunity developed on the ASEAN side between Vietnam and Malaysia ... In the end, you had the sad spectacle of China, which initially rejected the ASEAN approach to a code of conduct, being more enthusiastic about the final declaration than the ASEAN side".

ASEAN's failure to implement an actual code of conduct enhanced China's ability to acquire the region's resources on its own terms while the way the communiqué was crafted also encouraged a general disregard for the respective interests of the ASEAN community. Consequently, in August 2003 China forged a deal with the Philippines for petroleum exploration in the area. This came as a prelude to several agreements for enhanced military

and political cooperation as well as financial assistance from China (including an initial US\$1 billion currency swap arrangement and US\$400 million in soft loans). While the Philippine's House of Representatives Speaker termed the deal a diplomatic breakthrough, at least one other claimant was not so impressed. In an apparent response, Vietnam announced its plan to build a Department of Fisheries logistics centre on one of the islands and later added its intention to commence tourist trips to the area and to renovate a disused airfield. Perversely, the tourist plan was condemned by China and criticised by the Philippines as a contravention of the communiqué. In all likelihood however, Vietnam was also responding to its concern over a prohibition against fishing throughout the South China Sea that had been made by China during the same month.

Recent events have further evinced the desire of China to sustain, build and maintain its economy, military prowess and perceived territorial integrity. For example, on the eve of China's new Anti-Secession Law president Hu Jintao ordered his military to prepare for war to "safeguard the country's territorial integrity". Thus, as China's economic and military capacity has increased, there has been a parallel rise in its assertiveness. The basis for this burgeoning assertiveness is partially illustrated by its military expenditure. For example, whilst mandating the circumstances for the use of force over Taiwan, China's parliament approved a further 12.6 percent increase in military expenditure. This is but a small part of a massive force modernisation programme that has been taking place since the end of the Cold War.

While China may be justifiably concerned about the need to balance against American hegemony, nationalist sentiment also sheds some light on segments of elite thinking in China. As one Chinese academic argued, the "Spratly issue is about what is China, and what is China's space". More recently, and in a Chinese report reviewed by the US-China Economic and Security Review Commission, it was stated that "[w]ithout going to the Spratly (Nansha) Islands, you would not know the magnitude of the threat and challenge to China's maritime territory and interests".

In Vietnam's eyes, the China/Philippine agreement was, perhaps, the final straw. By this time, regional actors had proven that it could no longer expect solidarity within ASEAN. Consequently, it is unsurprising that Vietnam became more active in seeking improved relations with China and established, for example, a hotline to resolve both land and sea disputes. In this light, its trilateral agreement with China and the Philippines represented a 'near final' shift in Vietnamese foreign policy akin to 'if you can't beat them, join them'. For this reason, the ASEAN members should be reminded that in the absence of greater unity, China's diplomacy and assertiveness will continue to be emboldened through a belief that it can, when necessary, divide ASEAN to its own strategic advantage.

China's actions and rhetoric manifest a continued desire to return to its former glory as the 'Middle Kingdom'. By standing united, ASEAN will be in a better position to gently guide China towards this goal in a way that will not be detrimental to the group's interests. In the past, mere 'perceptions' of cohesiveness have served ASEAN well and the group's members should remember this when dealing with extra-regional actors. As a united entity, ASEAN has a far greater opportunity to influence events to an extent that 'is greater than the sum of its parts.'

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