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South China Sea Dispute: Why China takes Pragmatic Stance

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Synopsis

The recent ASEAN-China agreement on a set of guidelines to implement their 2002 declaration for a code of conduct in the South China Sea promises to narrow their disputes over territorial sovereignty. Why did China agree to the guidelines a decade after the declaration was adopted?

Commentary

AT THE recently concluded ASEAN Regional Forum (ARF) in Bali, China and ASEAN agreed on a set of guidelines to better implement the Declaration on the Conduct of Parties in the South China Sea (DOC) which they issued in 2002. The development at the ARF is considered a big step towards the peaceful resolution of the South China Sea dispute.

The adoption of the guidelines will help to reduce tensions and promote confidence-building among all claimants. More specifically, the guidelines will facilitate cooperation between China and the ASEAN countries. This will serve the interest of all parties in a pragmatic manner.

China's changing approach

China's acceptance of the guidelines proposed by ASEAN marks a significant change of approach, without fundamentally altering Beijing's South China Sea policy. China has been reluctant to internationalise the sovereignty issue, resulting in Beijing's pursuit of a bilateral solution to the dispute despite the DOC. Notwithstanding this, China has been open to multilateral cooperation in less sensitive areas. China is the first country to formally propose the concept of "shelving disputes and co-developing resources" in the 1970s. In 2005, it committed itself to the trilateral joint seismic surveys with Vietnam and the Philippines, although the project was suspended in 2008 due to domestic pressure in Philippines.

To implement the DOC, China and ASEAN countries have pledged that they would carry out a series of cooperative projects pending the final settlement of the boundary dispute. While claimant countries are increasing their search for energy to fuel their domestic economic growth, the joint development of oil and gas will help to reduce the pressure and achieve mutual benefits.

In the meantime, China will also have a role to play by offering funding and technology to explore oil and gas in the deep sea. China can also take initiatives to cooperate in the areas of marine environmental protection, scientific research, navigation safety, search and rescue as well as the combating of transnational crimes. However, as the guidelines still lack concrete measures, both ASEAN and China need to consider specifying

the details when it comes to the actual negotiation. This can include measures on information sharing, project coordination, burden sharing, crisis management, and so on.

Managing the Dispute

By conducting cooperative activities and promoting confidence building, China demonstrates its desire to manage the dispute with ASEAN countries without the involvement of external powers. China's Assistant Foreign Minister Liu Zhenmin has also stated that the endorsement of the guidelines should signal to the world that "the future of the South China Sea is a predictable, manageable and optimistic one". In contrast to last year's thorny remarks at the ARF meeting in Vietnam, this year the US Secretary of State Hillary Clinton has hailed the process as "an important first step toward achieving a Code of Conduct". She recognised that progress "can be made through dialogue and multilateral diplomacy".

China has also shown its concern about the freedom of navigation in the South China Sea. The uninterrupted flow of shipping is critical to the survival and prosperity of East Asian countries. China is heavily reliant on the sea for economic trade, as more than 80 percent of its oil import passes through the South China Sea every year. Chinese officials proposed during the ARF meeting in July to host a workshop on freedom of navigation in the South China Sea.

It is clear from China's agreement to adopt the guidelines on the DOC that Beijing values its relationship with ASEAN. The substantial trade and economic ties between China and ASEAN should be considered as one of the constructive factors to guide the overall relationship. With the full implementation of the China-ASEAN free trade agreement (CAFTA), the value of bilateral trade in the first six months of this year has reached US\$171 billion – which is one tenth of China's total during this period.

It is in the interest of both the ASEAN countries and China to exercise stronger political will and take a more pragmatic stance to prevent the maritime boundary dispute from jeopardising their mutual economic interests.

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