

THE DYNAMICS OF CONFLICT IN THE SOUTH CHINA SEA

This analytical brief is dedicated to examining the situation in the South China Sea, the interests of the parties involved, and the potential evolution of the conflict.

Conclusions

The South China Sea (SCS) holds significant economic value due to its vast reserves of oil and natural gas, as well as its rich fishery resources. Additionally, it is a key hub for some of the world's most crucial maritime routes.

China aims to achieve two main objectives in the SCS: military and energy-related. Beijing is actively expanding its military presence in the region through the construction of military bases on artificial islands, the deployment of advanced air and naval defense systems, and the development of its naval fleet. This allows China to establish an area of influence within the SCS that is vital for its national security and regional strategic advantage. Moreover, with substantial reserves of oil and natural gas in the SCS, China seeks to secure resource extraction to ensure energy security and reduce dependency on energy imports.

The strategy of certain ASEAN member states, particularly Vietnam and the Philippines, involves "hedging risks" by countering China through the internationalization of the conflict and engaging global players. This primarily centers on the United States, with the Philippines enhancing its defense capabilities and allowing the U.S. to increase its military presence in the region. Vietnam, on the other hand, is focusing on resolving the conflict through international legal norms and promoting discussions on international platforms, predominantly the United Nations.

The likely future development of the situation will be the maintenance of the status quo, with China de-facto controlling certain islands and maritime communications. Despite rising tensions in the South China Sea, the likelihood of a large-scale military conflict remains low. Regional states are significantly outmatched militarily by China and thus prefer to use legal mechanisms rather than engage in direct confrontation.

Significance of the South China Sea

The South China Sea (SCS) is a semi-enclosed sea of the Pacific Ocean, located off the southeastern coast of Asia. It stretches from Singapore to the Taiwan Strait and is the fourth largest sea in the world after the Philippine, Coral, and Arabian Seas, covering an area of approximately 3,447,000 square kilometers. This maritime area and the archipelagos within it are subjects of disputes among several regional states.

The disputes revolve around issues such as the delimitation of exclusive economic zones and continental shelves, sovereignty over the islands in the area, freedom of navigation, and the exploitation of maritime resources (hydrocarbons, fish, etc).

International maritime routes pass through the SCS, which is a major conduit for the transport of hydrocarbons from the Middle East, accounting for up to 80% of China's and Japan's oil imports. The Strait of Malacca, in particular, plays a crucial role in the global economy, with approximately 70,000 commercial vessels and about 20,000 oil tankers transiting through it annually.

The Spratly and Paracel archipelagos are located in the SCS which include numerous islets and reefs. These islands have significant economic value, as they are central to 10% of the world's fishery production. The SCS ranks fourth globally in terms of the size of its fishing grounds. Fishery resources are vital not only for food security but also economically: the sale of pelagic fish, shrimp, black pomfret, cephalopods, crabs, and other seafood constitutes a significant portion of the budget for the countries in the region.

Energy resources are extremely important as well, with preliminary estimates suggesting that the SCS holds between 23-30 billion tons of oil and approximately 16 trillion cubic meters of gas.

The origins of the conflict trace back to the mid-20th century, following Japan's defeat in World War II. According to the San Francisco Peace Treaty, Japan was required to renounce "all rights, titles, and claims to the Spratly and Paracel Islands" without specifying to whom Japan was relinquishing these territories. This provision allowed each regional state to individually claim the islands in the South China Sea.

Position of the People's Republic of China

China claims approximately 80% of the South China Sea (SCS) under the so-called "Nine-Dash Line", also known as the "Cow's Tongue" due to its shape resembling that form. Beijing justifies its claims based on "historical rights", asserting that the Chinese were the first to explore the islands during the Han Dynasty under Emperor Wu Di (156-87 BCE).

In the 1980s and 1990s, China, asserting undeniable sovereignty over the Paracel and Spratly Islands, pursued an expansionist policy in the Spratlys, leading to armed incidents with Vietnam and the Philippines. China enacted several measures, including the "Law of the People's Republic of China on Territorial Waters and Contiguous Areas" (1992), which explicitly claimed sovereignty over all islands in the SCS. This law was not recognized by the international community.

In 2012, China declared the islands in the SCS as sovereign territories integral to its "core national interests", on par with Xinjiang, Tibet, and Taiwan. Concurrently, China began constructing artificial islands within its de facto controlled area to establish military bases. These facilities include runways, hangars for military equipment, high-frequency radars, defensive structures, fire points, lighthouses, and telecommunications towers. In November 2015, China deployed missile batteries on several controlled Spratly Islands capable of targeting aerial threats within a 200 km radius.

The Paracel and Spratly archipelagos are strategically significant as they lie near the routes connecting the Pacific and Indian Oceans. Control over these archipelagos equates to control over the maritime and aerial routes of the South China Sea. The islands can serve as observation points for monitoring submarine activities, bases for surveillance, protection, defense, or blockade of maritime routes, and staging points for amphibious landings and ground attacks. In the event of a potential armed conflict in the

Indo-Pacific region, military presence on the Spratly Islands would be critically important.

China employs an asymmetric strategy of access denial (Anti-Access/Area Denial, A2/AD). It is developing multi-role submarines, anti-ship ballistic missiles, multifunctional C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) systems, and air, sea, and land-based cruise missiles, as well as naval air defense and missile defense systems. China's primary aim is to achieve maritime dominance in the "near seas", which include the Yellow Sea, East China Sea, and South China Sea (with a submarine base under construction on Hainan Island).

China is also actively engaged in geological exploration through the China National Petroleum Corporation and China Offshore Oil Engineering Company. The energy factor is another reason for China's high interest in the SCS, as it is a vital maritime route for transporting oil, liquefied natural gas, and other energy resources from the Middle East and Africa to Chinese ports.

In September 1992, Beijing announced its intention to transform the SCS continental shelf into a "main base for energy resource extraction", significantly reducing dependence on Arab suppliers. Ensuring and diversifying energy resource sources is one of China's many interests in the SCS.

To protect its national interests, China has expanded the powers of the People's Liberation Army Navy, granting its patrol vessels the authority to stop, detain, and search foreign ships entering disputed waters without Chinese permission. This has led to regular confrontations, notably with the Philippines.

In 2002, China and ASEAN signed the Declaration on the Conduct of Parties in the SCS, which aimed to align the actions of parties and resolve territorial disputes peacefully within the framework of international treaties (including the United Nations Convention on the Law of the Sea and the Treaty of Amity and Cooperation in Southeast Asia). The declaration also called for the avoidance of settling previously uninhabited islands and reefs, joint marine scientific research, safeguarding maritime communications, and combating transnational crimes (drug trafficking, piracy, and maritime attacks). The declaration served as a programme document for the development of a Code of Conduct, intended as a foundation for resolving disputes and conflicts. However, China continues to pursue its strategy and relies on a policy of "fait accompli", creating a situation where its sovereignty over the SCS, at least within the "Nine-Dash Line", is gradually accepted by the international community as an accomplished fact with no return to the original status quo.

Position of ASEAN Member States Regarding Disputes with China

The conflicts between China and Vietnam and the Philippines are the most acute.

While China's claims in the South China Sea (SCS) are based on historical grounds, the Philippines' claims are based on professional studies conducted in 1956. These studies concluded that eight islands near the Philippine coast do not belong to the Spratly archipelago but are geographically part of the Philippines.

In 2013, the Philippines turned to the International Court of Arbitration in The Hague to protect its sovereignty and resolve the dispute peacefully. In 2016, the court ruled that "China had violated the Philippines' sovereign rights in its exclusive economic zone by interfering with Philippine fishing activities and oil exploration, building

artificial islands, and failing to prevent Chinese fishermen from fishing in this zone...” Furthermore, the arbitration found that “China has no legal basis to claim historical rights to resources in the sea areas within the ‘nine-dash line’”. China declared it would not recognize the court’s ruling, adhering to the principle of *pacta sunt servanda* (agreements have to be kept).

In response to China’s pressure, the Philippines have strengthened their cooperation with the United States. The recent rapprochement can be seen as a side effect of China’s strategy in the SCS. Manila is seeking military support from the U.S., utilizing the Enhanced Defense Cooperation Agreement (EDCA) signed in 2014, which grants the U.S. the right to station troops at five Philippine bases. These include the Antonio Bautista Air Base in Palawan, Basa Air Base in Pampanga, Benito Ebuen Air Base in Cebu, Lumbia Air Base in Mindanao, and Fort Magsaysay in Nueva Ecija, which host 500 American personnel.

In 2023, President Ferdinand Marcos Jr. announced that under the EDCA, four new military bases would be established in various regions of the country, including in a province bordering the SCS. The new bases are expected to be located in Palawan, Zambales, Cagayan, and Isabela.

The Philippines are seeking for partners to support them both on multilateral platforms like the UN and by providing specific military and technical assistance. In April 2024, President Joe Biden, Japanese Prime Minister Fumio Kishida, and Philippine President Ferdinand Marcos Jr. met in Washington to discuss strengthening defense and economic ties among the three countries. They committed to promoting inclusive economic growth, economic resilience, and a partnership for peace, emphasizing adherence to freedom of navigation and flight, and respecting sovereign rights within exclusive economic zones according to international law, as reflected in the 1982 UN Convention on the Law of the Sea (UNCLOS). Japan and the U.S. supported the 2016 international court ruling and called on China to comply.

Recently, the Philippines have also been diversifying their external support. In June 2024, the U.S. Navy, Royal Canadian Navy, Japan Maritime Self-Defense Force, and Philippine Armed Forces conducted joint air and naval maneuvers in the Philippine exclusive economic zone. These two-day exercises aimed to support unimpeded passage in the Indo-Pacific region. Later, in August 2024, the Philippines participated in joint exercises with the U.S., Canada, and Australia.

Another active partner for the Philippines is Vietnam. In August 2024, the two countries conducted joint naval exercises, signalling a gradual process of ASEAN member states consolidating their stance on the SCS disputes.

Vietnam, adhering to a neutral stance in foreign and defense policy, also seeks to use legal mechanisms to resolve its conflict with China. Through ASEAN, Vietnam aims to promote the adoption of a Code of Conduct in the SCS (a draft document was prepared in 2017), which, unlike the ASEAN Declaration on the Conduct of Parties in the South China Sea of 2002, would be legally binding. Negotiations on this document were set to conclude in 2021 but were paused in 2020 due to the COVID-19 pandemic.

For Vietnam, the SCS (or East Sea) is the only sea bordering the country and provides its connection to the global ocean. The entire southern and eastern border of Vietnam faces the SCS, making it crucial for all aspects of the nation’s life and economy.

Vietnam has chosen a pragmatic approach to asserting its rights in the SCS. One tool for influencing China is the “hedging” strategy, aimed at containing Chinese

expansion by internationalizing the conflict and involving major international players who can counterbalance China and prevent its aggressive actions in the South China Sea.

Vietnam is also investing in modernizing its armed forces and maritime infrastructure to ensure more effective protection of territorial waters and sovereignty. These efforts are part of a broader strategy to ensure national security and stability in the region.

Expected Future Developments

The forecast for the South China Sea conflict suggests a continuation of high tension in the region but without significant escalation. Countries with disputes with China are likely to continue using legal and diplomatic mechanisms to resolve disputes, avoiding direct military conflict.

China, having a military advantage, will likely continue its policy of gradually strengthening control over the islands in the SCS while trying to avoid full-scale escalation.

Alina Hrytsenko
Center for Foreign Policy Research
National Institute for Strategic Studies