



CRITICAL STUDIES OF
THE ASIA-PACIFIC

ENTERPRISES, LOCALITIES, PEOPLE, AND POLICY IN THE SOUTH CHINA SEA

BENEATH THE SURFACE

Edited by
Jonathan Spangler, Dean Karalekas
and Moises Lopes de Souza



Critical Studies of the Asia-Pacific

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Moises Lopes de Souza
Editors

Enterprises, Localities, People, and Policy in the South China Sea

Beneath the Surface

palgrave
macmillan

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Critical Studies of the Asia-Pacific

ISBN 978-3-319-62827-1

ISBN 978-3-319-62828-8 (eBook)

<https://doi.org/10.1007/978-3-319-62828-8>

Library of Congress Control Number: 2017955069

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Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Springer International Publishing AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

PREFACE

Current scholarship on the South China Sea is dominated by discussions of three main issues: traditional security, resource economics, and international law. While these topics are undeniably at the heart of the maritime territorial disputes, the proliferation of such studies has overshadowed many of the other key issues influencing dynamics in the South China Sea and the region more broadly. *Enterprises, Localities, People, and Policy in the South China Sea: Beneath the Surface* goes beyond many of the analyses of maritime territorial disputes in today's academia.

As the title suggests, this volume takes readers "beneath the surface" of the South China Sea by exploring critical but under-researched issues related to the maritime territorial disputes. It draws attention to the importance of private sector, civil society, and subnational actors' perspectives and roles in the disputes and sheds light on key policy issues that are addressed less often in the literature. By going beyond mainstream analyses focused solely on issues of traditional security, resource economics, and international law, it aims to offer a fresh and engaging look at the South China Sea disputes.

The book is divided into five parts: historical foundations, enterprises, localities, people, and policy. In Chap. 1, Bill Hayton reveals the extent to which unreliable historical evidence, source material, and historiography have muddled contemporary analyses and understandings of the South China Sea. Focusing on three recent publications, he disentangles the web of historical references cited and unearths a concerning reality that many of today's discussions of South China Sea history are based upon a small

handful of writings by non-historians that “have come to form the backbone of ... conventional wisdom about the disputes.”

In Chap. 2, Jonathan Spangler argues that, as the world’s attention has focused on the ongoing rivalry between states in the South China Sea, constituents of the global defense industry have already emerged as the undisputed winners of the disputes. Offering an abundance of empirical evidence, he details their role as the key beneficiaries both in terms of material benefits such as immediate financial gains, future investment guarantees, and sub-industry creation and expansion and immaterial benefits such as securitization strategy prioritization and reduced relative risk.

In Chap. 3, Ian Rowen explores how Beijing has used tourism as a part of its overall strategic approach to the South China Sea in order to achieve political objectives. Using primary source material from the Chinese government and the tourism industry, he demonstrates how China has used tourism to strengthen its military and administrative grip on the maritime area as well as attempted to advance its historical narrative and cultural influence domestically and abroad.

In Chap. 4, Olga Daksueva and Joyce Juo-yu Lin investigate the role of Hainan province in Chinese decision-making and policy-making processes related to the South China Sea. They reveal that, despite decentralization and an increasingly high-profile role for the province, the autonomy of Hainan authorities regarding issues of low politics remains severely limited by the dominance of high politics and the central government’s use of “dual-leadership administration, financial subsidies, and other means” to guide the policy-making process.

Expanding upon the theme of localities, Mark Hendersen in Chap. 5, breaks away from conventional state-centric analyses by examining the roles of local governments in conflict deterrence and influencing national governments’ policy making related to the South China Sea. Arguing that local governments have a shared interest in cooperation to promote economic vitality and community well-being, he details how relevant exchanges, interaction, and cooperation between municipalities play a role in facilitating conflict prevention efforts.

In Chap. 6, Gregory Coutaz evaluates the potential for disaster response and emergency preparedness to serve as a foundation for mutual exchange and cooperative efforts in the South China Sea. He suggests that, due to its less politically sensitive nature, disaster management cooperation could also provide a stepping stone for further cooperation between rival claimants on more contentious issues facing the region.

In Chap. 7, Filippo Maranzana De Filippis considers the motivating factors behind the less complacent attitudes of the Philippines and Vietnam in taking a stand against perceived Chinese expansionism in disputed areas. He argues that, although their approaches have been different, the issues of demographics and geography have compelled them into action despite the significant risks.

In Chap. 8, Moises Lopes de Souza looks at how different concepts of confidence-building measures have led to contradictions in ASEAN's negotiating mechanisms for the South China Sea. He then assesses how internal constraints and other obstacles have hindered the transition from confidence-building measures to preventative diplomacy, finding that meaningful progress remains contingent upon a number of factors unlikely to emerge in the foreseeable future.

In Chap. 9, Dean Karalekas questions the predominant wisdom of Western scholars in analyzing Beijing's rhetoric and actions related to the South China Sea maritime territorial disputes, suggesting that predictions about China have been inaccurate due to their imposition of biased values and aspirations out of context. His critical reassessment of China's foreign policy actions in the South China Sea unravels some of the major reasons that China analysts continue to harbor flawed or incomplete understandings of the key actor in their research.

In Chap. 10, James Borton examines diplomatic issues in the South China Sea from the perspective of environmental science and marine conservation, arguing that science diplomacy is not only an urgent issue but also one that can provide a framework for regional cooperation. Highlighting the impact of environmental mismanagement on political and environmental security in the region, he advocates a concerted effort among scientific, legal, and diplomatic communities to simultaneously address both the environmental and geopolitical challenges that face the maritime region.

Taken together, the ten chapters in this volume aim to expand the scope of discussion on the South China Sea by bringing to the surface a diversity of key issues related to the maritime territorial disputes. These issues include historiography in the region, the global defense industry's role as beneficiary of the disputes, tourism as a territorial strategy, the roles of provinces and local governments, disaster management, confidence-building measures and preventative diplomacy, environmental and science diplomacy, and other topics seldom discussed in other analyses of the South China Sea disputes. By doing so, it aims to serve as an essential

companion to the more conventional studies and contribute to more inclusive scholarship on the disputes. The editors hope that the interdisciplinary content and fresh perspectives make the book an essential read not only for policymakers and those in the international relations community but also for all others interested in gaining a more well-rounded understanding of the many issues at stake in the South China Sea maritime territorial disputes.

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CONTENTS

Part I	Historical Foundations	1
1	Writing the History of the South China Sea Disputes Bill Hayton	3
Part II	Enterprises	25
2	Undisputed Winners: The Benefits and Beneficiaries of the South China Sea Maritime Territorial Disputes Jonathan Spangler	27
3	Tourism as a Territorial Strategy in the South China Sea Ian Rowen	61
Part III	Localities	75
4	The Role of Provinces in Decision-Making Processes in China: The Case of Hainan Province Olga Daksueva and Joyce Juo-yu Lin	77

5 Tier 2 Diplomacy: Local Government Cooperation amid Tensions in the South China Sea	97
Mark Henderson	
Part IV People	115
6 Disaster Management in the South China Sea: A Chance for Peace and Cooperation	117
Gregory Coutaz	
7 South China Sea and Political Demography: The Cases of Vietnam and the Philippines	135
Filippo Maranzana De Filippis	
Part V Policy	159
8 Beneath the Surface of Consensus: The Development of Confidence-Building Measures Between the PRC and ASEAN in the South China Sea Disputes	161
Moises Lopes de Souza	
9 South China Sea as a Microcosm of Chinese Foreign Policy and Prospects for Asian Polarization	181
Dean Karalekas	
10 Science Diplomacy and Dispute Management in the South China Sea	195
James Borton	
Index	217

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LIST OF FIGURES

Fig. 1.1	The map attached to the 1887 Sino-Tonkin convention showing the maritime boundary extending from the mouth of the Beilun River into the Tonkin Gulf. Note the extremely large scale. The islands referred to are approximately 500 meters offshore. It is clear that this agreement was never intended to apply to islands in the South China Sea	13
Fig. 5.1	National versus local roles in international relations	100
Fig. 5.2	Bilateral trade flow between China and Brunei	106
Fig. 5.3	Foreign direct investment between China and Malaysia	107
Fig. 5.4	Tourism between China and the Philippines	108
Fig. 5.5	Educational exchanges between China and Vietnam	109

LIST OF TABLES

Table 2.1	Military spending by country (constant 2011 USD, in millions)	31
Table 2.2	Fifteen largest arms-producing and military services companies, 2014	35
Table 5.1	Roles of domestic institutions in international relations	101

PART I

Historical Foundations

Writing the History of the South China Sea Disputes

Bill Hayton

INTRODUCTION

Analysis of the South China Sea disputes only emerged in English-language publications following the occupation by the People's Republic of China (PRC) of the western half of the Paracel Islands in 1974. Since then the volume of analysis has ebbed and flowed in parallel with the course of the disputes themselves. The latest flood has followed the 2011 announcement of the United States' pivot to Asia. In the past few years there has been a profusion of research papers, think-tank reports, and news articles about the disputes. The vast majority of these discusses contemporary developments and provides only cursory examinations of the disputes' history. A few delve a little deeper. All, however, ultimately rely for their historical background on a very small number of papers and books. Worryingly, a detailed examination of those works suggests that they are unreliable bases from which to write reliable histories.

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in the South China Sea*, Critical Studies of the Asia-Pacific,
https://doi.org/10.1007/978-3-319-62828-8_1

WHO CONTROLS THE PAST, CONTROLS THE FUTURE

This unreliable evidence is clouding the international discourse on the South China Sea disputes. It is skewing assessments of the disputes at high levels of government—both in Southeast Asia and in the United States. I will use three recent publications from diverse perspectives to illustrate my point: two 2014 commentary papers for the Rajaratnam School of International Studies in Singapore written by Chinese academic Li Dexia and a “Singaporean researcher” Tan Keng Tat, a 2015 presentation by the former US Deputy-Ambassador to China, Charles Freeman, at Brown University, and a 2014 paper for the US-based Center for Naval Analyses (CNA) by Pete Pedrozo (Li and Tan 2015; Li 2014; Freeman 2015; Pedrozo 2014).

What is striking about these recent works—and they are just examples of a much wider literature—is their reliance on historical accounts published many years ago: a small number of papers published in the 1970s, notably one by Hungdah Chiu and Choon-Ho Park (1975); *Contest for the South China Sea* by Marwyn Samuels (1982); *China’s Ocean Frontier* by Greg Austin (1998); and two papers by Jianming Shen examining the historical legal perspective (Shen 1997, 2002).

These writings have come to form the backbone of what has become conventional wisdom about the disputes. Google Scholar calculates that Chiu and Park’s paper is cited by 85 others and Samuels’ book by 143. Works that quote these authors include one by Brian Murphy (1994) and those by Jianming Shen from 1997 and 2002—which are, in turn, quoted by 34 and 35 others, respectively—as well as by Chi-kin Lo (1989), whose book is cited by 111 other works. These references are probably just the tip of the iceberg, since some descendant works have been re-cited hundreds of times. Lo explicitly relies on Samuels for most of his historical explanation and indeed praises him for his “meticulous handling of historical data” (Lo 1989, p. 16). Retired Admiral Michael McDevitt, who wrote the forward to Pedrozo’s CNA paper, noted that *Contest for the South China Sea* “holds up very well some 40 years later” (McDevitt 2014, p. ii).

These works were the first attempts to explain the history of the disputes to English-speaking audiences. They share some common features:

- They were written by specialists in international law or political science rather than by maritime historians of the region.
- They generally lacked references to primary source material.

- They tended to rely on Chinese media sources that contained no references to original evidence or on works that refer to these sources.
- They tended to quote newspaper articles from many years later as proof of fact.
- They generally lacked historical contextualizing information.
- They were written by authors with strong links to China.

THE EARLY WORKS ON THE DISPUTES

English-language writing on the South China Sea disputes emerged in the immediate aftermath of the Battle of the Paracels in January 1974, when armed forces of the PRC evicted forces of the Republic of Vietnam (South Vietnam) from the western half of the islands. The first analyses were journalistic, including one by Cheng Huan—then a Chinese-Malaysian law student in London, now a senior legal figure in Hong Kong—in the following month’s edition of the *Far Eastern Economic Review*. In it, he opined that, “China’s historical claim [to the Paracels] is so well documented and for so many years back into the very ancient past, that it would be well nigh impossible for any other country to make a meaningful counter claim” (Cheng 1974). This judgment by a fresh-faced student was approvingly quoted in Chi-Kin Lo’s 1989 book *China’s Policy Towards Territorial Disputes* (Lo 1989). The next substantial analysis came in an article by John F. Copper (1974) in the May–June 1974 edition of *China Report*, a New Delhi-based publication.

The first academic works appeared the following year. They included a paper by Tao Cheng (1975) for the *Texas International Law Journal* and another by Hungdah Chiu and Choon-Ho Park (1975) for *Ocean Development & International Law*. In 1976, the Institute for Asian Studies in Hamburg published a monograph by the German academic, Dieter Heinzig (1976), titled *Disputed Islands in the South China Sea*. Cheng concluded that, “[I]t is probably safe to say that the Chinese position in the South China Sea islands dispute is a ‘superior claim’” (Cheng 1975, p. 277) and Chiu and Park concurred, writing that “China has a stronger claim to the sovereignty of the Paracels and the Spratlies [sic] than does Vietnam” (Chiu and Park 1975, p. 20). Heinzig opined that, in terms of historical argumentation, “There cannot be any doubt that in this respect the Chinese are in a more favorable position than the others” (Heinzig 1976). These were pioneering papers, but their sources—and therefore their analyses—were far from neutral.

Cheng's paper relied primarily upon Chinese sources with additional information from American news media. The main Chinese-language sources were commercial magazines from the 1930s, notably editions of the Shanghai-based *Foreign Affairs Review* (*Wai Chiao P'ing Lun/Wai Jiao Ping Lun*) from 1933 and 1934 and *New Asia Monthly* (*Hsin-ya-hsi-ya Yüeh-k'an/Xin Ya Xiya Yue Kan*) from 1935. These were supplemented by material from the Hong Kong-based news magazine *Ming Pao Monthly* (*Ming Pao Yüeh K'an/Ming Bao Yue Kan*) from 1974. Other newspapers that were quoted included a 1933 edition of *National News Weekly* (*Kuo Wen Chou Pao/Guo Wen Zhou Bao*), published in Shanghai, *People's Daily* (*Renmin Ribao*), and *The New York Times*. Cheng didn't reference any French, Vietnamese, or Philippine sources with the exception of a 1933 article from *La Geographie* that had been translated and reprinted in the Shanghai-based *Foreign Affairs Review*.

The paper by Hungdah Chiu and Choon-Ho Park relied upon similar sources. In crucial sections it quotes evidence based upon articles published in 1933 in *Foreign Affairs Review* and *Diplomacy Monthly* (*Wai-chiao Yüeh-pao/Wai Jiao Yue Bao*) (1933, p. 78), and *Geography Monthly* (*Fan-chih yüeh-k'an/Fan Zhi Yue Kan*) (1934, p. 2) as well as *National News Weekly* from 1933 and the Republic of China (ROC) Government's own *Gazette of the Ministry of Foreign Affairs* (*Wai-chiao-pu Kung-pao/Wai Jiao Bu Gong Bao*) (1933, p. 208). It supplements this information with material gathered from a 1948 Shanghai publication by a geographer seconded to the ROC Ministry of the Interior, Cheng Tzu-yüeh (Zheng Ziyue), *General Records on the Geography of Southern Islands* (*Nan-hai Chu-tao Ti-li Chih-lüeh/Nan-hai Zhudao Dili Zhilue*), and ROC government statements from 1956 to 1974 (*Free China Weekly* 1956, p. 3; *Chung-yang jih-pao* 1956, p. 6; Shao 1956; *United Daily News* 1974; "Memorandum on Four Large Archipelagoes" 1974).

Chiu and Park do use some Vietnamese references: eight press releases or fact sheets provided by the Embassy of the Republic of Vietnam in Washington. They also refer to some "unpublished material in the possession of the authors." However, the overwhelming majority of their sources are from the Chinese media.

Writing a year later, Dieter Heinzig relied, in particular, on editions of two Hong Kong-based publications *Seventies Monthly* (*Ch'i-shih nien-tai*) and *Ming Pao Monthly* published, respectively, in March and May 1974.

What is significant is that all these foundational papers used as their basic references Chinese media articles that were published at times when

discussion about the South China Sea was highly politicized. It was in 1933 that France formally annexed features in the Spratly Islands, prompting widespread anger in China; 1956 was when a Philippine businessman, Tomas Cloma, claimed most of the Spratlys for his own independent country of “Freedomland,” provoking counterclaims by the ROC, PRC, and Republic of Vietnam; and 1974 was the year of the Paracels battle. Newspaper articles published during these three periods cannot be assumed to be neutral and dispassionate sources of factual evidence. Rather, they should be expected to be partisan advocates of particular nationalist viewpoints. This is not to say they are automatically incorrect, but it would be prudent to verify their claims with primary sources. This is not something that the authors did.

The next major publication on the subject was Marwyn Samuels’ (1982) book *Contest for the South China Sea*. His method and narrative followed that of Cheng, Chiu and Park, and Heinzig. Samuels himself acknowledges the Chinese bias of his sources in the book’s Introduction, when he states, “[T]his is not a study primarily either in Vietnamese or Philippine maritime history, ocean policy or interests in the South China Sea. Rather, even as the various claims and counterclaims are treated at length, the ultimate concern here is with the changing character of Chinese ocean policy” (Samuels 1982). Compounding the issue, Samuels acknowledges that his Asian research was conducted primarily in archives in Taiwan. However, crucial records relating to the ROC’s actions in the South China Sea in the early twentieth century were only declassified in 2008–09, long after his work was published (Chung 2013, p. 8).

There was another burst of history writing in the late 1990s. The former US State Department geographer-turned oil-sector consultant, Daniel Dzurek, wrote a paper for the International Boundaries Research Unit of the University of Durham in 1996, and a book by Australian analyst Greg Austin was published in 1998. Austin’s historical sections reference Samuels’ book, the paper by Chiu and Park, a document published by the Chinese Foreign Ministry in January 1980 titled “China’s indisputable sovereignty over the Xisha and Nansha islands” (PRC Ministry of Foreign Affairs 1980), and an article by Lin Jinzhi in the *People’s Daily* (Lin 1980, p. E6). Dzurek acknowledges more sources but relies on Cheng (whom he confusingly refers to as “Chang”), Chiu and Park, Heinzig, and Samuels for the bulk of his historical narrative.

The next major contributor to the narrative was Jianming Shen, a Chinese-American attorney with an affiliation to St. John’s University

School of Law in New York. In 1997 he published a key article in the *Hastings International and Comparative Law Review*. Like the *Texas International Law Journal* (which published Cheng's 1975 paper), the *Review* is a student-edited publication. It hardly needs saying that an editorial board comprising law students may not be the best body to oversee works of Asian maritime history. Shen followed this article with a second in a more prestigious journal, the *Chinese Journal of International Law*—although in many sections, it simply referenced the first article. Shen's point of view is self-evident from the titles of his papers: "International Law Rules and Historical Evidence Supporting China's Title to the South China Sea Islands" and "China's Sovereignty over the South China Sea Islands."

Shen's two articles have been particularly influential—the 2014 CNA paper by Pedrozo references them at least 170 times, for example. However, an examination of their sources shows them to be just as suspect as their predecessors. The historical sections that provide the evidence for his 1997 paper rely in large part on two sources. One is a book edited by Duanmu Zheng titled *International Law (Guoji Fa)* published by Peking University Press in 1989, referenced at least 18 times (Zheng 1989). But Duanmu was not a neutral historian. In 1990 he became the PRC's second-highest ranking judge: Vice President of the PRC's Supreme People's Court—and was later one of the drafters of the Hong Kong Basic Law.¹ In other words, he was a senior Chinese state official. All the footnotes in Shen's paper citing Duanmu's book refer only to pages 155 and 156. These two pages do not contain a historian's account with references, simply a catechism of the standard official Chinese narrative. In legal terms, it might be described as hearsay evidence. It is remarkable that no one in the two decades since Shen's paper was published seems to have checked this reference—yet they have made use of the paper without caveats nonetheless.

Shen's other main historical source is a collection of papers from a 1992 Symposium on the South China Sea Islands organized by the Institute for Marine Development Strategy, part of the Chinese State Oceanic Administration (referenced at least 11 times). It seems more than ironic that material produced by the State Oceanic Administration and the Chinese legal establishment has subsequently been processed through the writings of Professor Shen and then the CNA, and has now become part of the Pentagon's understanding of the history of the South China Sea.

None of the writers mentioned so far was a specialist in the maritime history of the South China Sea: Cheng was a political scientist; Samuels a geographer; Chiu, Park, and Shen lawyers; and Heinzig and Austin international relations specialists. As a rule their works don't examine the integrity of the texts that they quote, nor do they discuss the context in which they were produced. In particular Cheng and Chiu and Park incorporate anachronistic categories—such as “country” to describe pre-modern relations between political entities around the South China Sea—for periods when political relations were quite different from those that exist today.

It's also worth noting that Cheng, Chiu, and Shen were Chinese born. Cheng and Shen both graduated with Bachelor of Laws degrees from Peking University. Chiu graduated from National Taiwan University. While this does not, of course, automatically make them biased, it is reasonable to assume they were more familiar with Chinese documents and the Chinese point of view. Both Samuels and Heinzig were scholars of China. Shortly before authoring his paper, Dzurek had advised the American energy company Crestone on its negotiations to obtain the Chinese oil exploration rights to a disputed region of the South China Sea (Hayton 2014, p. 139).

It is hardly surprising that the first English-language writings on the disputes, written as they were by Chinese authors and based upon Chinese sources, come down on the Chinese side of the argument. These verdicts are still influential today: they were quoted in Li and Tan's 2014 papers, for example. Yet a closer examination of the evidence upon which they are based suggests they are deeply flawed. Those magazine articles from 1933, 1956, and 1974 should not be regarded as neutral evidence but as partisan readings of a contested history.

FLAWED EVIDENCE

Having demonstrated the partisan and self-referencing sourcing of these standard accounts of the history of the South China Sea, this chapter turns now to an examination of the historical evidence for some of the events they describe. New evidence about the history of the claims continues to be unearthed. The following represents the state of knowledge at the time of writing.

A full analysis and commentary on the claims the various writers make about pre-nineteenth century events is beyond the scope of this chapter. In short, the accounts by Cheng, Chiu and Park, Samuels, and Shen share

a common assumption: that China has always been the dominant naval, trading, and fishing power in the South China Sea. Cheng, for example, puts it like this: “It has been an important part of the sea route from Europe to the Orient since the sixteenth century, a haven for fishermen from the Hainan Island, and the gateway for Chinese merchants from south China to Southeast Asia since earlier times” (Cheng 1975, p. 266).

More empirically based histories of the Sea suggest that the situation was much more complex. Works by the historians Leonard Blussé, Derek Heng, Pierre-Yves Manguin, Roderich Ptak, Angela Schottenhammer, Li Tana, Nicholas Tarling, and Geoff Wade have revealed a much more heterogeneous usage of the sea in the pre-modern period (Blussé 1999; Heng 2013; Manguin 1980; Ptak 1992; Schottenhammer 2012).

Chinese vessels and merchants played almost no role in seaborne trade until the tenth century, and even after that they were never dominant but shared the sea with Malays, Indians, Arabs, and Europeans. Research by François-Xavier Bonnet, Ulises Granados, and Stein Tønnesson shows how similar patterns persisted into the twentieth century (Bonnet 2012; Granados 2005; Tønnesson 2006).

Accounts from the early twentieth century demonstrate that the Chinese state had great trouble even controlling its own coast and was completely unable to project authority to islands hundreds of miles offshore. For example, two articles in *The Times of London* from January 1908 describe the inability of the Chinese authorities to control piracy in the West River—inland from Canton/Guangzhou (Chinese Foreign Relations 1908, p. 5; The Recent Piracy 1908, p. 5). A 1909 article by the Australian newspaper *The Examiner* tells us that foreigners, two Germans, one Japanese, and several Malays (China And Her Islands 1909, p. 8), had begun mining operations on Hainan Island without the authorities finding out until much later. It also records the presence of foreigners on the Paracels themselves who’d carved their names into trees.

What these contemporary accounts reveal is a South China Sea that was essentially ungoverned until the mid-twentieth century, except for the occasional interventions of foreign powers against piracy. It was only in 1907, after being alerted by the US government that a Japanese guano entrepreneur named Nishizawa Yoshiji was occupying Pratas Island, that the Qing authorities became interested in the offshore islands (Hong Kong Daily Press 1907, Granados 2005). Several writers have, however, attempted to backdate official Chinese interest in the islands to the late nineteenth century.

1876 Claim to the Paracels by the Chinese Ambassador to London

Samuels (1982, p. 52) suggests that the first Chinese ambassador to London, Kuo Sung-tao, made a formal claim to the Paracel Islands. This claim is repeated in a 1991 paper by Teh-Kuang Chang, who notes that “Guo Songtao, the Chinese Minister of the Qing Dynasty to Britain, in his book *Shi Xi Ji Cheng* (Travel Notes of an Envoy to the West), recorded his voyage to his post in 1876 by noting that, on his voyage through the South China Sea, ‘nearby to the left were the Paracel Islands (the Xisha Islands) which yielded sea slugs, and also coral, which was not of very good quality. These islands belong to China’” (Chang 1991, p. 399).

However, a full translation of the comments (quoted in Frodsham 1974, p. 10–11) casts them in a different light. They were notes in the ambassador’s own journal, intended to be sent back to the Qing court to inform them about life in the world outside China. They were not a formal diplomatic note to a foreign government. The fact that Guo felt it necessary to inform the court of the Paracels’ existence suggests they were not aware of this fact before. Moreover, he does not use a Chinese name for the islands, referring to them as the “P’ai-la-su” a transliteration of the international name. Finally, he notes that the islands are “barren and uninhabited” (Frodsham 1974, p. 11). All the details about the islands that Guo described were learned from the crew and passengers of the British-owned P&O ship on which he was travelling.

1883 Protests Against German Surveys in the Spratly Islands

Samuels (1982, p. 52) argues that the Chinese claim to the Spratly Islands might be dated to 1883 when—in his account—the Qing government officially protested against a German state-sponsored expedition to the islands. The assertion is sourced to the May 1974 edition of the Hong Kong-based magazine *Ming Pao Monthly* without other corroborating evidence. Chiu and Park (1975, footnote 47) ascribe it to an article published a good half-century after the alleged events in question took place, in the September 1933 edition of *Diplomacy Monthly*,² and Heinzig quotes the same edition of *Ming Pao Monthly* that Samuels relies on to state that the 1883 German expedition actually withdrew following the Chinese protest.

The claim seems highly unlikely. German surveyors were indeed in the South China Sea between 1881 and 1883, but they were there mapping

the Paracel Islands, not the Spratlys. The German *Admiralität* subsequently published a detailed chart of the Paracels in 1885 (*Annalen der Hydrographie und maritimen Meteorologie* 1889, p.X) that was copied and republished in the same year by the British and French hydrographic services (Hancox and Prescott 1995, p. 36; *The China Sea Directory, Vol. 2* 1889, p. 103; quoted in Bonnet 2012, p. 14).

The 1887 Sino-Tonkin Convention

Samuels argues that the 1887 Sino-Tonkin convention negotiated by the French government, nominally on behalf of Tonkin, amounted to an international agreement allocating the islands to China (Samuels 1982, p. 52). Article 3 of the Convention does indeed allocate islands east of the Paris meridian 105°43' to China, but a brief glance at the map attached to the agreement (see Fig. 1.1) makes it clear that this arrangement was purely intended to apply to the islands immediately offshore—within just a few hundred meters of the coast. Moreover, the Convention applied to Tonkin, the northernmost area of what is now Vietnam. The Paracels and Spratlys lie much further south in what were then the realms of Annam and Cochinchina, and thus could not have been covered by the Convention.

The Mystery of the 1902 Voyage

There also appears to be some confusion about the date of the first visit by Chinese officials to the Paracel Islands. On the strength of the 1974 *Ming Pao Monthly* article, Samuels (1982, p. 53) puts it in 1902, with a return visit in 1908. Austin and Dzurek follow Samuels in this. Li and Tan (2014) also assert the 1902 claim, as do Chiu and Park (1975). However, a survey of contemporaneous newspapers makes it quite clear that no voyage took place in 1902 or 1908. Furthermore, the account of the Qing Admiral who led the expeditions, Li Zhen, makes clear that the first reconnaissance took place in April 1909 and a formal expedition in June 1909. His account was republished in 1933 (Saix 1934, p. 67; *The French Plot to Snatch the Paracel Islands* 1934, p. 92; *On Li Chun's Patrol of the Sea* 1933, p. 6), albeit with some mistakes—such as stating that the expedition took place in 1907.

There is good reason for the confusion about the 1902 expedition. Thirty-five years later, in June 1937, the chief of Chinese Administrative



Fig. 1.1 The map attached to the 1887 Sino-Tonkin convention showing the maritime boundary extending from the mouth of the Beilun River into the Tonkin Gulf. Note the extremely large scale. The islands referred to are approximately 500 meters offshore. It is clear that this agreement was never intended to apply to islands in the South China Sea

Region Number 9, Huang Qiang, was sent on a secret mission to the Paracels—partly to check if there was Japanese activity in the islands, but he had another role, too, which a secret annex to his report makes clear. An excerpt of the annex was published in Chinese in 1987 by the Committee of Place Names of Guangdong Province (1987, p. 289). According to Huang Qiang's own account, his boat was loaded with 30 stone markers—some dated 1902, others 1912, and still others 1921. On North Island, they buried two markers dated 1902 and four dated 1912; on Lincoln Island, the team buried one marker dated 1902, one dated 1912, and one dated 1921; and on Woody Island, they buried two markers dated 1921. Finally, on Rocky Island, they deposited a single marker, dated 1912.

The markers were forgotten until 1974 when, after the battle of the Paracels, they were found again, and the discovery was trumpeted in Hong Kong newspapers such as *Ming Pao Monthly*. The non-existent 1902 expedition then entered the history books. Only recently was it debunked by the Manila-based French geographer Francois-Xavier Bonnet (Bonnet 2015).

The Island Names

In his 1997 paper, Shen claims that the ROC government “reviewed the names of the islands in the South China Sea” in 1932. In fact, that government committee simply translated or transliterated the existing British or international names. The full list of names makes this clear, but a few examples serve to illustrate the point. Several of the Chinese names for the features continue to honor the British surveyors that first mapped them. In the Paracels, *Ling yang Jiao*—Antelope Reef—is named after a British survey vessel, the *Antelope*. *Jin yin Dao*—Money Island—is not named after notes and coins, but rather William Taylor Money, the superintendent of the Bombay Marine—the navy of the East India Company.

The Chinese names were revised in 1947 by the ROC government. Spratly Island, which had previously been known as *Si-ba-la-tuo* (a transliteration of the English name) became *Nanwei* (Noble South, an obviously artificial name) and Scarborough Shoal was changed from *Si-ge-ba-luo* (a transliteration) to *Min-zhu Jiao* (Democracy Reef). In 1983 the PRC revised the names again and *Min-zhu Jiao* became *Huangyang*, which translates to a less threatening-sounding Yellow Rock.³

1933 Diplomatic Protest?

One argument that is key to China’s claim to the Spratlys is the oft-repeated assertion that the ROC made a formal protest to the government of France following the latter’s formal annexation of several features in the Spratly Islands on 26 July 1933. It’s certainly true that the annexation provoked consternation in government, and spurred nationalist anger among the public. But was a formal protest ever lodged?

Tao Cheng (1975) makes reference to an article in *New Asia Monthly*, dated two years later (Lu 1935). Chiu and Park (1975) state in a footnote that, “there is proof that China also protested.” They reference an article in *Diplomacy Monthly* (Cho 1933, p. 78) and a 1948 book titled *General*

Records on the Geography of Southern Islands (Cheng 1948, p. 80). Chiu and Park (1975) concede, however, that, “The date of the Chinese note was not reported in Cheng’s book, nor is it mentioned in the Memorandum on Four Large Archipelagoes of the Republic of China in South Sea, issued by the ROC Ministry of Foreign Affairs.” (*United Daily News* 1974, p. 3).

The claim that a 1933 protest was issued appears in Ambassador Freeman’s presentation and in the CNA paper, which quoted Shen. In his 1997 paper, Shen quotes two sources: Cheng and Chiu, and Park—but as we have just seen, they do not provide any references for their claim. In his 2002 paper, Shen references papers from the State Oceanic Administration’s symposium (Shen 1997, footnote 160). These papers are not available outside China, but there is good evidence to suggest that all of these works are simply incorrect.

There are no mentions of a formal protest being issued in the pages of the *Shen Bao* newspaper from 1933, and no author has been able to cite a reference to a protest document in any government archives. The closest anyone has come has been to find references to government *intentions* to issue a protest (Shen 2002). The Chinese foreign ministry’s own official publication for July-September 1933 notes that, when the ministry first heard of the annexation, it “reserved its rights” subject to clarification of the islands’ location (*Gazette of the Ministry of Foreign Affairs* 1933).

Geographer Francois-Xavier Bonnet has found American records showing that, immediately after the French announcement, the Chinese government had to ask its consul in Manila, Kuan-ling Kwong, to ask the American colonial authorities there for a map showing the location of the Spratly Islands. Only then was the government in Nanjing able to understand that these islands were not in the Paracels and then decide not to issue any formal protest (Bonnet 2012).

According to Bonnet, the reason is evident from the minutes of a meeting of the ROC’s Military Council on 1 September 1933, “All our professional geographers say that Triton Island [in the Paracels] is the southernmost island of our territory” (*Compilation by the Department of Foreign Affairs of all the records concerning the islands in the South Sea* 1995, p. 47–49; quoted in Bonnet 2012). The ROC decided that it had no claim in the Spratly Islands at that point and therefore had nothing to protest against.

Research by Chris Chung, a Canadian PhD student, has found that by 1946, ROC files were referring to China’s formal protest in 1933 as if it were fact. This then became the Chinese justification to reclaim the islands

from Japan after the Second World War. The ROC archives relating to the South China Sea for the 1933–1935 period have not yet been fully explored, and this should be an important source of further archival research (Ministry of Foreign Affairs 1946a, b; Chung 2013).

In summary, what seems to have happened during the 13 years after the French annexation is that a different understanding of what had happened in 1933 took hold in ROC governing circles. The hypothesis offered here is that Chinese officials confused a real 1932 protest to the French about activity in the Paracels with a non-existent 1933 protest about the Spratlys. There may also be confusion about actions by the rival government in southwestern China which, during the early 1930s, often acted at variance with the recognized government in Nanjing.

1930s' Surveys

Shen (2002, p. 107) claims that the ROC, “organized three rounds of large-scale survey and renaming activities respectively in 1932, 1935 and 1947.” There was no surveying work done by the ROC during this period, however: just copying from international maps. This seems to be why the ROC mistranslated the name of James Shoal—initially calling it *Zengmu Tan*. *Zeng-mu* is simply a transliteration of James, whereas *Tan* means sandbank, when in fact the shoal is underwater. If ROC surveyors had visited the site in person, they would not have made this mistake. Instead, because of this simple mistranslation, a piece of seabed became an island, and to this day is regarded as China’s southernmost territory—even though it doesn’t exist. When the features’ names were revised by the ROC in 1947, *Zengmu Tan* became *Zengmu Ansha*. (Chen 1996). *Ansha* (literally “hidden sand”) appears to have been a neologism coined at this point to equate to the English word “shoal.”

The Cairo Declaration

Shen (2002, p. 139) and Li and Tan (2014) follow the PRC foreign ministry in arguing that, under the 1943 Cairo Declaration, the wartime Allied powers awarded the South China Sea islands to China. Freeman (2015) argues that, because the Japanese authorities incorporated the Paracels and Spratlys into their province of Taiwan, the Cairo Declaration returns them, along with the rest of “Taiwan Province,” to China.

However, the Cairo Declaration doesn't mention the word "Taiwan:" it talks about Formosa and the Pescadores. The fate of the other islands is left open, presumably because France maintained that its pre-war annexation still stood. The logical conclusion is that the Allied powers agreed that only named islands should be returned to China. This point is made in Pedrozo's CNA paper:

The *Cairo Declaration*, as reinforced by the *Potsdam Proclamation*, only provides that China would recover Manchuria, Formosa [Taiwan], and the Pescadores [Penghu Islands] after the war. The next sentence simply provides that Japan would be expelled from 'other territories' which it had taken by violence, but it does not indicate that these 'other territories' would be returned to China. Although not specifically stated, the only logical conclusion is that these 'other territories' included the Spratly and Paracel Islands, which were seized by violence from France, not China (Pedrozo 2014, p. 97).

Kimie Hara's account of discussions within the US State Department about the fate of the disputed islands during 1943–1944 makes clear that the US remained neutral on the territorial issue. The ongoing discussions within the department demonstrate that the US never intended the Cairo Declaration to allocate the Paracels and Spratlys to China (or any other state) (Hara 2006).

The Surrender of the Japanese Garrisons in the Paracels and Spratlys

The CNA paper and Ambassador Freeman's presentation both carry claims that Chinese forces received the surrender of the Japanese garrisons in the Paracels and Spratlys at the end of the Second World War. Freeman has argued that the US Navy actually transported Chinese forces to the islands for this purpose. However, in personal communication with the author, he was unable to provide any corroborating evidence for this assertion.

Based upon evidence from the US and Australian military archives, the claim seems very unlikely to be true. During the war, Japan had military bases on Woody and Pattle islands in the Paracels, and Itu Aba in the Spratlys. Woody Island was shelled by the submarine USS *Pargo* on 6 February 1945 (Feuer 2006, Chap. 6) and on 8 March, American aircraft

bombed both it and Pattle Island (VPB-117, Aircraft Action Report No. 92). When another submarine, the USS *Cabrilla*, visited Woody Island on 2 July, the French tricolor was flying, but this time with a white flag above it. (US Office of Naval Intelligence Review 1956). Exactly when the Japanese left Woody and Pattle islands is equally unclear. One Chinese newspaper account from 1947 (*Ta Kung Pao/Dagong Bao* 1947) suggested that a US warship visited Woody Island in November 1945 but carries no details of a Japanese surrender (quoted in Granados 2006).

In the Spratlys, Itu Aba was napalmed by US planes on 1 May 1945 (United States Pacific Fleet, Patrol Bombing Squadron 128. Action report 1945), and B-25s bombed the islands six times in one week in mid-July (Carter and Mueller 1991). There can hardly have been anything left standing. Six months later, the US Navy sent a reconnaissance mission to Itu Aba. It landed on 20 November 1945, and found the island unoccupied—the Japanese had fled (USS *Sea Fox*; USS *Cabezon*; USS *Bugara*)⁴. It wasn't until more than a year later, in December 1946, that a Chinese landing party—using the second-hand American warships just transferred to the ROC Navy—was able to reach the island. There is no evidence of Chinese troops receiving a Japanese surrender in the Spratlys.

CONCLUSION

There is more research to be done on the history of the islands of the South China Sea in the first half of the twentieth century. The evidence that is already available, however, negates much of what has been put forward in the standard English-language accounts common within the disciplines of international law and international relations. There is more still to discover. The ROC archives are largely untapped, as are contemporaneous Chinese and international newspaper accounts.

Any work on the twentieth century history of the sea that continues to rely on the evidence put forward in the works under review by Cheng, Chiu and Park, Heinzig, Dzurek, Samuels, and Austin needs to be critically re-evaluated to see whether its arguments still stand in light of the new information now becoming available.

A review of the verifiable evidence recounts a different history of the islands in the South China Sea—one which deviates from that found in most of the commonly used reference texts. It is clear, for example, that the Chinese state's interest in these islands dates no further back than the twentieth century. There has been no evidence yet put forward for any

Chinese state official visiting the Paracel Islands prior to 1909. It was only in 1933 that national attention turned to the Spratly Islands—and at that time, the ROC decided *not* to press a claim to them. Attention was revived immediately after the Second World War, based on misunderstandings about what happened in 1933 and, for the first time ever, a Chinese official landed in the Spratly Islands on 12 December 1946.

In 1933, 1956, 1974, and again today, histories of the islands were written and rewritten. During each crisis, advocates of the Chinese position published new versions of history that often recycled earlier mistakes and sometimes added in more of their own. By the time these accounts leapt the language barrier into English in the mid-1970s, their shaky foundations appeared solid to those exploring the history for the first time. They were printed in Western academic journals and became accepted as fact. But a review of their sources reveals their inherent weakness.

It is no longer good enough for historians, lawyers, and international affairs analysts to base their arguments on baseless assertions. It is time that a concerted effort be made to re-examine the primary sources for many of the assertions put forward by these writers and reassess their accuracy. The resolution of the disputes depends upon a clear and fact-based understanding of the history of the South China Sea.

NOTES

1. Interestingly, Duanmu was not a member of the Communist Party, but of the China Democratic League (Mackerras 2001, p. 85).
2. This was disclosed by the Kuangtung Provincial government in 1933 (Cho 1933, 82, note 4).
3. The full list of Chinese names and their evolution can be found in Chen (1996).
4. Known as “war diaries,” these are daily operational journals created by various naval commands throughout the Navy during the Second World War.

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PART II

Enterprises

Undisputed Winners: The Benefits and Beneficiaries of the South China Sea Maritime Territorial Disputes

Jonathan Spangler

INTRODUCTION

State interaction over maritime territorial claims in the South China Sea has dramatically intensified over the past two decades. Leaders in politics and beyond push their narratives and pursue their interests through policy statements and concrete strategic actions while supporting or condemning those of others. Meanwhile, international relations analysts pore over the strategic implications of every development in the region, while journalists praise, chastise, and generally contribute to an increasing awareness of the disputes. More recently, the citizenries of various countries have also become more vocal and influential actors in the South China Sea. With seven claimants to more than 200 islands and sea features in the resource-rich area, the intensity of interaction is hardly surprising. Adding in the interests of non-claimant stakeholders, such as the United States and Japan, only fans the flames of rivalry. Yet while all are busy predicting and

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preparing to engage in or avoid hypothetical conflict scenarios, rare is there mention that, in an important way, the battle in the South China Sea has already been won. As tensions flare and resources flow, one key actor has emerged as the undisputed champion in the disputes—the global defense industry.

The global defense industry is defined in this chapter as the network of finances and assets and relationships and exchanges between national political establishments and the developers, manufacturers, providers, and promoters of military technology, equipment, and services. It is comprised of government agencies, private- and state-run enterprises, academia, and civil society. While the term ‘military industrial complex’ has been used to refer to this network, the term has been co-opted by its critics (Ledbetter 2011). Because this chapter serves as an analysis and makes no attempt to condone or condemn, the term global defense industry is used instead, and it is understood in the broader sense defined above as a descriptor for what has become the reality of relations between state and non-state actors regarding military affairs.

The chapter analyzes the extent to which the global defense industry has been and will continue to be a key beneficiary of the South China Sea maritime territorial disputes. Material benefits for the global defense industry include immediate and direct financial gains, guarantees of future investment, and the creation or expansion of relevant sub-industries. Immaterial benefits, also an important component of the effects of the disputes, include the development of a narrative of necessity and resulting prioritization of securitization efforts and a low risk relative to other industries, such as energy, fisheries, shipping, or manufacturing. To the extent that relevant data is publicly available, empirical evidence is presented in an attempt to informally measure each of the identified material and immaterial benefits. The chapter then concludes with a brief summary and discussion of the implications of the global defense industry’s role as beneficiary in the disputes.

BENEFICIARIES OF THE SOUTH CHINA SEA DISPUTES

As the saying goes, ‘there are winners, and there are losers’. While the maxim may hold true for simple competitions, the framework is poorly suited to describing ongoing conflicts between actors of different types, levels, and capabilities. The South China Sea maritime territorial disputes are one such locus of interaction where the vast majority of relevant actors

could not be conveniently placed into one category or another. For many, it is the unknown of future trends—compounded with the intensity of interaction and varying levels of personal investment—that draw their attention to the region and popularize the making of predictions about the winners and losers in the future of South China Sea relations.

For most relevant actors, the benefits of and damage resulting from the South China Sea maritime territorial disputes in the long run have yet to be determined. States, for one, have much to gain or lose depending on the future trends of interaction and any potential resolutions about territorial claims. Political leaders have and will be judged based on their perceived handling of their own countries' claims and interests. Certain industries, including energy, fisheries, shipping, and manufacturing, also have a great deal resting on the direction of South China Sea security and relations, but the final outcome of the disputes remains an unknown. For the global defense industry and its constituent actors, however, the benefits have already been immense, and the future looks equally if not even more promising given the high likelihood of a protracted dispute (Vu and Lan 2016). As states and leaders continue to squabble over the sea features and maritime territory in the South China Sea and affected businesses proceed hesitantly with their operations in the area, the global defense industry has emerged victorious and become the key beneficiary in the regional disputes.

As noted above, the constituents of the global defense industry include elements of government, private and state-run enterprises, academia, and civil society. Because of the systemic diversity of states, there is no simple formula for enumerating the multitude of relevant global defense industry actors within each state. Government agencies, for example, are typically responsible for a wide range of issues, only some of which may suggest that they are indeed part of the expansive and inherently amorphous global defense industry. Likewise, private enterprises, whether defense contractors or otherwise, conduct their business operations in many different industries. Indeed, much the same could be said for academic institutions, media outlets, and civil society organizations, each of which may be involved to widely varying extents in the South China Sea disputes and, thus, by means of direct involvement or indirect association, the global defense industry. Moreover, the lines between public and private are often vague and particularly so in some states more than others. Nevertheless, the notion of an expansive and multifaceted global defense industry, despite the inherent definitional ambiguity, best describes the network and

state of military-, defense-, and security-relevant institutional relations that exists today and, for this reason, is adopted in this analysis.

BENEFITS OF THE SOUTH CHINA SEA DISPUTES

Evidence indicates that the benefits for the global defense industry have been both material and immaterial. Despite close linkages and, in some cases, overlap between these two broad categories, such a binary conceptualization proves useful for analytical purposes.

Material Benefits

The material benefits that the global defense industry has enjoyed are closely interrelated but can be roughly divided into three categories: (1) immediate and direct financial gains, (2) future investment guarantees, and (3) the creation and expansion of affiliated industries. In contrast to immaterial benefits, material benefits are at least relatively more conducive to quantification although this is nevertheless hindered by various factors, the most significant being the availability and limited disaggregation of relevant data. The following three subsections make use of existing publicly available data for measurement to the extent that it is possible and analytically meaningful.

Immediate Financial Gains

In recent years, the defense budgets of most claimants and major stakeholders have risen. Although only a portion of these are invested specifically in South China Sea securitization efforts, there is clear evidence that the maritime territorial disputes are a significant causal factor contributing to the arms buildup and strengthening of security measures in the region (Perlo-Freeman and Solmirano 2014). All claimant and major stakeholder governments have noted the importance of maritime security in the South China Sea, implemented or modified relevant defense policies to address the issue, and invested accordingly. Most have also increased overall defense spending as part of their securitization strategies, as shown in Table 2.1, even as the global financial crisis of the late 2000s required governments to reassess their budget priorities. Japan and Taiwan, whose defense spending has remained stable, are the only exceptions. It is clear, however, that even they have sought to prioritize their investments, with the South China Sea disputes being a top consideration for policymakers.

Table 2.1 Military spending by country (constant 2011 USD, in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change
Claimants															
China	45,367 ^a	52,769 ^a	57,325 ^a	63,503 ^a	71,425 ^a	83,850 ^a	96,702 ^a	106,592 ^a	128,701 ^a	136,220 ^a	147,258 ^a	161,409 ^a	174,047 ^a	190,974 ^a	+321%
Brunei	331	352	367	290	351	395	409	422	414	432	415	407	406	525	+59%
Indonesia	2,308	2,790	3,758	4,194	3,643	3,699	4,448	4,150	4,336	5,092	5,838	7,975	8,991	8,076	+250%
Malaysia	3,038	3,452	4,402	4,248	4,544	4,447	4,965	5,078	4,793	4,187	4,807	4,664	4,804	4,926	+62%
Philippines	2,062 ^a	2,171 ^a	2,419	2,279 ^a	2,322	2,401	2,630	2,631	2,530	2,657	2,701	2,739	3,114	3,039	+47%
Taiwan	10,196	9,860	9,766	9,783	9,413	9,030	9,555	9,729	10,479	9,904	9,998	10,350	10,350	10,135	-1%
Vietnam	-	-	1,471	1,507	1,572	1,850	2,386	2,350	2,581	2,878	2,687	3,128 ^b	3,271 ^b	3,587 ^b	+144%
Stakeholders															
Australia	18,702	19,502	19,858	20,677	21,404	22,551	23,936	24,808	26,664	26,993	26,597	25,665	25,442	27,171	+45%
India	28,616	28,527	29,164	33,877	36,053	36,225	36,664	41,585	48,962	49,158	49,634	49,457	49,093	49,999	+75%
Japan	60,249	60,954	61,459	61,200	61,288	60,891	60,574	59,139	59,735	59,003	60,452	60,017	59,396	59,033	-2%
Singapore	7503	7910	7988	8139	8646	8719	9056	9128	9432	9252	8922	8718	8924	9138	+22%
South Korea	20,609 ^a	21,177 ^a	21,897 ^a	22,859 ^a	24,722	25,613	26,774	28,525	30,112	29,912	30,884	31,490	32,385	33,142 ^a	+61%
United States	397,298	446,089	507,723	553,378	579,768	588,771	604,229	648,932	700,984	720,220	711,338	670,897	617,687	577,511	+45%

Source: Data compiled or calculated by the author based on 'Military spending by country in constant (2011) USD' data from 'SIPRI Military Expenditure Database', Stockholm International Peace Research Institute, November 3, 2015. http://www.sipri.org/research/armaments/milex/milex_database

Notes: ^aSIPRI estimates, ^bhighly uncertain data

While governments involved in the disputes have increased their overall defense spending and focused their resources on security interests in the region, these shifts reveal but a small part of the picture. The global, interconnected nature of the defense industry today means that the developers, manufacturers, providers, and promoters of military technology, equipment, and services in many more countries around the world, including those not directly or overtly involved in the South China Sea disputes, have also become major beneficiaries in terms of immediate financial gains (Perlo-Freeman and Wezeman 2014). Elements of the global defense industry in all its complexity, from ‘old guard’ defense contractors to start-ups supplying specialized technologies and media outlets to individual policymakers, are key beneficiaries of the developments in the South China Sea.

It is no secret that US defense spending in comparative perspective far eclipses that of other countries. For the time being, the world’s sole remaining military superpower exists in a class of its own, partly due to defense expenditures exceeding half a trillion dollars annually since 2003 (See Table 2.1). To put that in perspective, US defense spending was nearly 45% more than that of all other South China Sea claimants and major stakeholders combined, when those countries’ spending was at its highest in 2014 (See Table 2.1). Moreover, the announcement of the Asia-Pacific rebalancing (or pivot) strategy in 2011 officially marked the beginning of a large-scale refocusing of US military and diplomatic resources toward the region and, along with China’s economic and political rise, has been one of the most significant trends affecting regional security (Perlo-Freeman and Solmirano 2014).

Building the maritime securitization capabilities of Southeast and East Asian countries has been a key feature of the rebalancing. In just a few short years, the United States has already (1) shifted its own existing military assets, (2) approved sales and grants of arms and other military equipment, (3) bolstered defense ties with regional allies and partners, and (4) engaged diplomatically at an unprecedented level with claimants and relevant stakeholders. Its increased military presence has included the US Navy freedom of navigation operations of the Arleigh Burke-class destroyers USS *Lassen* near Subi Reef in the Spratly Islands in October 2015 and USS *Curtis Wilbur* near Triton Island in the Paracel Islands in January 2016; patrols by the Arleigh Burke-class destroyer USS *McCampbell* and Whidbey Island-class amphibious dock landing ship USS *Ashland* in February 2016; patrols by the Ticonderoga-class cruiser USS *Antietam* in

March 2016; operations by a carrier strike group consisting of the USS *John C. Stennis*, a Nimitz-class nuclear-powered supercarrier, the cruiser USS *Mobile Bay* and the destroyers USS *Stockdale* and USS *Chung-Hoon* in March 2016; and various other naval activities (Lamothe 2016; Frost 2016). US military officials have sought to downplay the operations as routine, but their attempts have had limited effect as evidenced by the criticism they have elicited from Chinese officials.

US arms sales and military equipment transfers have been made to five of the seven South China Sea claimants, including Brunei, Indonesia, Malaysia, the Philippines, and Taiwan, as well as major stakeholders such as Australia, India, Japan, Singapore, and South Korea (SIPRI “Arms Transfers Database” 2016). Many of these include naval vessels, aircraft, and weapons and defense systems that could boost claimants’ military capabilities required for securitizing their occupied and claimed features in the South China Sea (SIPRI “Arms Transfers Database” 2016).

The United States has also strengthened its defense relations with countries in the region, particularly the Philippines, with the signing of the Enhanced Defense Cooperation Agreement (EDCA) on April 28, 2014 (EDCA 2014), and Vietnam, with the lifting of its arms embargo on May 23, 2016 (Joint Statement 2016). Both of these developments have been largely in response to the escalation of tensions in the South China Sea. More broadly, they have also been part of the US effort to reassure its allies and partners of its continued commitment to serving as the guarantor of regional security and enable East and Southeast Asian countries to keep pace with China’s naval deployments in the region. With the end of the arms embargo on Vietnam, China will likely become the only South China Sea claimant that has not been a recipient of US arms sales. Thus, the US government’s Asia-Pacific rebalancing comprises a wide-ranging refocusing of hard power, including both a shifting of its own military forces and arms sales to other countries, and soft power toward the region, and the South China Sea maritime territorial disputes have been a top priority in the development of this policy.

However, merely enumerating instances of US military engagement in the region overlooks what is perhaps the most important issue at hand—the question of who benefits from such developments. It gives the impression that the South China Sea disputes are no more than a handful of state actors engaging in an ongoing power struggle in pursuit of their interests. Common as they are in scholarship and commentary on the South China Sea, such analytical perspectives are deficient and misleading. As the

spotlight shines on states squabbling with one another, the global defense industry and its constituents operate in the background and continue to be the major beneficiaries of the disputes.

Although examples and connections are abundant, the beneficiaries themselves receive much less attention than the states with whom they cooperate or are affiliated. Of the few that are mentioned, major defense contractors are the most prominent in terms of arms manufacturing and sales. Of the world's top 15 largest arms-producing companies (excluding Chinese manufacturers), 8 are based in the United States (See Table 2.2).

These dominant players in the global defense industry not only supply the US military with its naval vessels, aircraft, weapons systems, and other equipment, but also benefit from sales to South China Sea claimants. Sales and transfers of military equipment produced by Lockheed Martin, the world's largest arms producer, to claimants have included C-130 transport aircraft to the Philippines; Paveway guided bombs to Malaysia and Taiwan; FGM-148 Javelin portable anti-tank missiles¹ and AGM-114 Hellfire air-to-surface missiles to Indonesia and Taiwan; and P-3 Orion anti-submarine and maritime surveillance aircraft, AN/TPS-77 long-range air search radar systems, and AAQ-33 Sniper targeting systems to Taiwan (SIPRI "Arms Transfers Database" 2016). Lockheed Martin has also been unrestrained in expressing its enthusiasm about the potential benefits of Japan as a growing market in the wake of the government's reinterpretation of Article 9 of the constitution during 2014 and 2015 (Ishida 2016). It is significant that Japan's defense policy shift has been driven to a large extent by its interest in assuming a more proactive role in the South China Sea and balancing China's naval expansion in the region (Chang 2014; Mizokami 2015). Lockheed Martin's role as a supplier to South China Sea claimants and beneficiary of the disputes is also likely to increase in the coming years as a result of its acquisition of Sikorsky Aircraft in 2015 (SIPRI "Global arms industry" 2015), which has supplied UH-60 Black Hawk helicopters to Brunei, S-300C helicopters to Indonesia, and S-70C(M)-1/2 Thunderhawk anti-submarine warfare helicopters to Taiwan (SIPRI "Arms Transfers Database" 2016).

Boeing-produced defense sales and transfers to South China Sea claimants in recent years have included AH-64D Apache helicopters to Indonesia and Taiwan; RGM-84 Harpoon anti-ship missiles, JDAM bomb guidance kits, ScanEagle unmanned aerial vehicles (UAVs), and armed MD-530MG helicopters to Malaysia; and RGM-84L Harpoon-2 anti-ship missiles for F-16 combat aircraft and Zwaardvis/Hai Lung-class submarines

Table 2.2 Fifteen largest arms-producing and military services companies, 2014

<i>Rank</i>	<i>Company</i>	<i>Country</i>	<i>Arms sales (USD, millions)</i>	<i>Arms sales (% of total sales)</i>
1	Lockheed Martin	United States	37,470	82
2	Boeing	United States	28,300	31
3	BAE Systems	United Kingdom	25,730	94
4	Raytheon	United States	21,370	94
5	Northrop Grumman	United States	19,660	82
6	General Dynamics	United States	18,600	60
7	Airbus Group	Trans-European	14,490	18
8	United Technologies Corp.	United States	13,020	20
9	Fimmeccanica	Italy	10,540	54
10	Communications	United States	9810	81
11	Almaz-Antey	Russia	8840	96
12	Thales	France	8600	50
S	BAE Systems Inc. (BAE Systems, UK)	United States	8360	90
13	Huntington Ingalls Industries	United States	6680	96
14	United Aircraft Corp.	Russia	6110	80
15	United Shipbuilding Corp.	Russia	5980	82

See SIPRI (2015)

Note: 'S' indicates a subsidiary of the company in parentheses. Chinese companies are excluded for lack of accurate, comparable data

to Taiwan. Raytheon-produced arms and defense equipment sales and transfers have included ASQ-228 ATFLIR navigation and targeting systems, Paveway bomb guidance kits, and AIM-9X Sidewinder short-range air-to-air missiles to Malaysia; BGM-71 TOW anti-tank missiles and launchers, FIM-92 Stinger portable surface-to-air missiles, a FPS-115 PAVE PAWS radar system, AGM-65 Maverick air-to-ground tactical missiles, MIM-104F PAC-3 surface-to-air/anti-ballistic missile systems, and Mk-15 Phalanx close-in weapon systems to Taiwan; and AIM-120C advanced medium-range air-to-air missiles to both countries (SIPRI “Arms Transfers Database” 2016). Northrop Grumman and General Dynamics have also served as arms suppliers to countries in the region. Although some of the sales and transfers are of second-hand vehicles, weapons systems, and equipment from the US military and not newly produced for their East Asian recipients, such sales nevertheless benefit the manufacturers because they demonstrate their enduring military value, promote an ongoing technical knowledge of and familiarity with the systems, make room for future production and acquisition, and contribute to government funds for future defense procurement.

However, arms sales only make up part of the overall picture. Armed forces around the world are dependent on constituents of the global defense industry not only for manufacturing but also for the ongoing operation and service of military assets and key personnel, including those in the South China Sea. The USNS *Impeccable* ocean surveillance ship, for example, which was the focus of a high-profile maritime confrontation with Chinese vessels and aircraft near Hainan in March 2009, was originally constructed for the US Navy by the American Ship Building Company and is currently operated by the Special Mission Division of Maersk Line, Limited (Hayton 2014, p. 209), a US subsidiary of the private Copenhagen-based multinational conglomerate, on a contract awarded by the Military Sealift Command (MSC), which ‘operates approximately 110 noncombatant, civilian-crewed ships that replenish U.S. Navy ships, conduct specialized missions, strategically preposition combat cargo at sea around the world and move military cargo and supplies used by deployed U.S. forces and coalition partners’ (Military Sealift Command Public Affairs 2012).

The US government has become increasingly clear about its commitment to maritime securitization in the South China Sea. It has widely publicized its plans to invest ‘\$119 million in FY 2015 to develop Southeast Asian maritime capabilities and ... provide \$140 million in assistance during FY 2016’ (Office of the Press Secretary 2015). It has also made use of

high-profile regional fora to highlight its plans, including the Shangri-La Dialogue in Singapore in May 2015, where Secretary of Defense Ash Carter announced \$425 million in funding for ‘maritime capacity-building efforts’ through the Southeast Asia Maritime Security Initiative (Carter 2015), and the Asia-Pacific Economic Cooperation summit in Manila in November 2015, where President Barack Obama made the South China Sea disputes a highlight of the typically trade-focused agenda (Moss and Nelson 2015). At the summit, business leaders also voiced their interests in accelerated government investment in the global defense industry, including General Electric Vice Chairman John Rice, who championed the cause in an interview, saying, ‘I don’t think it’s happening fast enough, ... I don’t care whether you’re a democratically elected government or some other ... if you’re the leader and the leadership team, you are more accountable to your population today than ever before, partly driven by more transparency’. As governments vie for influence and seek to safeguard their key interests in the South China Sea, a quiet and mostly unchallenged consensus seems to have emerged that increased investment in the global defense industry is the path forward. As constituents of the global defense industry solidify their position as the major beneficiaries of the maritime tensions, the reality that the battle for the South China Sea has already been won is becoming increasingly evident.

In addition to US defense contractors, many other private interests tied to varying extents into the global defense industry have been beneficiaries of the South China Sea disputes. Providers of satellite imagery, tracking, and analysis; maritime engineering and construction conglomerates; drone manufacturers; and environmental monitoring companies have all benefited from the increased focus on—and thus funding to manage—regional maritime tensions, as will be discussed later in greater detail. Media outlets and relevant research institutions, especially those whose funding comes from government sources, have similarly benefited from the maritime disputes.

Yet the United States is by no means alone in its cash-based approach to securitizing the South China Sea. China has similarly made tremendous investments to confront the issue, and many constituents of the domestic and global defense industry have benefited as a result. In today’s global defense industry, it can be difficult to differentiate between state and non-state interests; in the Chinese context, it is even more so. China’s defense spending has increased by around 10% annually over the past decade to over \$180 billion in 2015 (Cronk 2016). Although the funding is not

earmarked exclusively for South China Sea securitization efforts, maritime security has been the key focus of China's military expansion, as evidenced in its 2012 Defence White Paper calling upon the country to develop a blue-water navy, 'build China into a maritime power', and 'resolutely safeguard China's maritime rights and interests' (Information Office of the State Council 2013; Perlo-Freeman and Solmirano 2014). The unification of several maritime law enforcement agencies under a new China Coast Guard and reconstitution of the State Oceanic Administration in 2013, as well as the influential role of the People's Liberation Army Navy, are also indicators of the importance of South China Sea issues to the Beijing leadership (Martinson 2015).

Manufacturers of arms and military equipment, including primarily state-run and quasi-state-run enterprises domestically as well as foreign enterprises, have been at the forefront as recipients of government investment. With the emphasis on rapid production of naval vessels, shipbuilding companies in particular have benefited immensely from the rush to securitize the South China Sea. It has been estimated that China 'laid down, launched or commissioned more than 50 naval ships in 2013', a trend that was expected to continue the following year (Thayer 2014). Companies responsible for the construction of Chinese naval vessels include the China State Shipbuilding Corporation (CSSC), the China Shipbuilding Industry Corporation (CSIC), and the many subsidiaries of the two state-owned conglomerates. The two companies are explicit about their interest in increased defense expenditures for maritime security. CSSC boasts that the company 'is capable of building most kinds of warships and auxiliary vessels as well as the related equipment for the Chinese Navy, thus earning it the position as the backbone of the Chinese Navy in terms of construction'² (CSSC 2016). CSIC explains that it 'has a very clear strategy ... to become China's leading provider of warships and related equipment and systems' (CSIC 2016). Increasing tensions in the South China Sea therefore bode well for the two main players responsible for the manufacturing aspects of China's naval expansion.

Foreign elements of the global defense industry have also benefited from China's push to build a world-class navy and safeguard its maritime claims. Among these, Russian suppliers have been the greatest beneficiaries by a wide margin. These include Almaz-Antey, Tactical Missiles Corporation, Rostec,³ United Aircraft Corporation,⁴ and others and have supplied naval vessels, aircraft, weapons systems, and other military equipment (SIPRI "Arms Transfers Database" 2016). In addition to the Russian

beneficiaries of China's maritime securitization efforts, the governments of or companies from Belarus, France, Germany, the UK, Ukraine, and Uzbekistan have also benefited materially (SIPRI "Arms Transfers Database" 2016).

Besides manufacturers of arms and military equipment, many other constituent actors of the domestic and global defense industry have also benefited from Beijing's increased interest and investment in the South China Sea. Due to the accelerated land reclamation and infrastructural development on sea, Chinese-occupied maritime features, construction, maritime engineering, and shipping companies have also been on the receiving end of the surge in government investment. Although it is nearly impossible in the Chinese context to identify and sort out the immense number of manufacturers and suppliers of relevant services, some of the key players are China Communications Construction Company (CCCC) and its subsidiaries.

Indeed, these have benefited not only from domestic interest in the disputes, but from overseas as well. In January 2015, the Shanghai Zhenhua Heavy Industries, a state-owned subsidiary of CCCC and 'the largest heavy-duty equipment manufacturer in the world' (ZPMC 2015), was commissioned by the Ministry of Transportation and Communications of the Republic of China (ROC; Taiwan) to ship large-scale supplies needed for new port construction to ROC-occupied Itu Aba (Taiping) Island (Lü 2015). Unsurprisingly, the Taiwanese government decision to transfer public funds to a Chinese state-owned corporation for the infrastructural development of disputed island territory sparked controversy in Taiwan, which is already seen as overly reliant on its neighbor across the Taiwan Strait.

Heightened tensions in the South China Sea have also benefited China's relevant research institutes. Funding has increased for existing institutes such as the National Institute for South China Sea Studies (NISCSS), which was renamed and elevated to the national level in 2004 and further expanded in 2011 and 2013 (NISCSS "Profile" 2016) and 'has been growing and thriving with the rise of maritime domain awareness and the importance attached to South China Sea and South China Sea studies' (NISCSS "About" 2016). The maritime territorial disputes have also helped lead to the creation of new research institutes such as the Institute for China-America Studies in Washington in 2015 (Page 2015) and the South China Sea Network website launched by the China Oceanic Information Center in August 2016 (CRNTT 2016).

Vietnam's role, in terms of its relations with constituents of the global defense industry, differs from that of China, Russia, or the United States, whose defense industry beneficiaries are primarily recipients of domestic and international financing. Whereas these countries and their affiliated corporations are engaged in arms sales, Vietnam can be understood as a contributor to the global defense industry more because it is a major purchaser of arms and defense equipment as well as having a nascent domestic arms production industry. From 2003 to 2014, Vietnam's military spending increased by 144%, third among claimants after China (333%) and Indonesia (215%) in that same period.⁵ Recent data suggests that Vietnam's arms imports increased by an unprecedented 699% between 2011 and 2015, making up 2.9% of all global arms imports and making it the fifth largest arms importer in the world (SIPRI "Asia and the Middle East" 2016).

Much of this includes investment in naval equipment motivated by 'the perceived threat from China's increasing military assertiveness in the South China Sea' (Perlo-Freeman et al. 2013). From 2001 to 2015, ships represented 39% of all defense exports to Vietnam, followed by aircraft (36%), missiles (16%), and air defense systems (4%) (SIPRI "Arms Transfers Database" 2016). Russia has been the leading exporter to Vietnam by an overwhelming margin, supplying the country with 90% of its arms imports (SIPRI "Arms Transfers Database" 2016). These include six Kilo-class submarines as part of a roughly \$2 billion deal in December 2009, 32 Sukhoi Su-30 fighter aircraft in three deals totaling around \$2 billion from 2009 to 2013, four Gepard-class frigates ordered between 2012 and 2013, and wide range of missile systems and weaponry (SIPRI "Arms Transfers Database" 2016). Kilo-class submarines are built by Rubin Central Design Bureau for Marine Engineering and other partner companies. Rubin describes itself as 'among the world's key submarine developers and the leading submarine designer in Russia' (Rubin "Main" 2016) and boasts that its submarines 'have become a significant component in the Russian naval export and enabled Russia to secure its position in this sector of international arms trade' (Rubin "Company Profile" 2016). It is also worth noting that the company also plays a major role in the construction oil drilling platforms, which may have symbiotic effects with its role as an arms supplier to South China Sea claimants. Israeli, Ukrainian, and Czech constituents of the global defense industry have also benefited from Vietnam's increased spending, and several other countries, including Canada and Spain, have sought to cash in on the trend by

increasing their defense exports to Vietnam in recent years (SIPRI “Arms Transfers Database” 2016).

Largely due to its vastly underdeveloped armed forces relative to other countries in the region and its inability to find a platform for constructive negotiations with China, the Philippines has gone into ‘crisis mode’ in recent years in an attempt to safeguard its interests in the South China Sea. Its two-pronged approach has included (1) bolstering its defense capabilities through military spending and strengthening its relationships with other countries and (2) engaging in international lawfare with its arbitration case initiated against China in January 2013. Although its defense spending has lagged compared to other claimants, the Philippines has made an effort in recent years to change course and upgrade the capabilities of its lagging armed forces. Although President Benigno Aquino III was in office during this time and pushed for increased defense spending and armed forces reformation, it would be an overstatement to say that he was an avid supporter of the global defense industry. In his 2013 State of the Nation Address, he noted that ‘one fighter jet costs 1.58 billion pesos—equivalent to 6,580 houses for our soldiers and our police force, or nearly 2,000 classrooms for our children. ... We will balance our needs. We are committed to meeting the needs of our society, while remaining a good and upstanding member of the community of nations’ (Aquino 2013). Nevertheless, ‘the Philippines doubled its defense budget in 2011, ... pledged five-year joint military exercises with the United States[, and] embarked on a modernization program costing roughly \$1 billion’ (Xu 2014). Even so, the Philippine armed forces remain highly dependent on donations of outdated, second-hand naval vessels and aircraft. Although its contributions to the global defense industry may not always represent purchases of new arms and equipment, the Philippines nevertheless plays an important role in supporting it as second-hand acquisitions demonstrate their enduring military value, promote relevant technical knowledge, make room for future production, and contribute to supplier government funds for future defense procurement.

Taiwan has a role in the global defense industry as both a producer and purchaser of arms and other military equipment. Because of the long-standing military standoff with mainland China, Taiwanese security strategy has prioritized defensive capabilities and increasing the costs incurred by an adversary in a hypothetical military engagement, especially as the PRC’s armed forces have strengthened. The South China Sea tensions, however, have required that the ROC armed forces begin to consider issues

beyond maintaining the cross-strait relations status quo. Although the government under the administration of President Ma Ying-jeou sought to improve ties with Beijing and marketed Taiwan as a peacemaker in the South China Sea and East China Sea, it has also continued to push behind the scenes to enhance its military capabilities.

Given the maritime focus of regional tensions, naval defense capabilities have been the priority, and Taiwan's strategy for strengthening its armed forces has come through both: procurement from abroad and indigenous development and production. In January 2014, the Forces Structure and Planning Concepts of the Future ROCN (Republic of China Navy) program called for investments of '\$450 million dollars in the [CSBC Corporation] and the Ship and Ocean Industry R&D Center (SOIC)' to bolster Taiwan's defense capabilities, including 'refurbishing the obsolete Guppy-class submarine with new steel plates and pressure hulls and extending their life as training vessels' (Cropsey 2015). The government has also launched a plan for Taiwan to develop its own submarines and upgrade existing ones acquired from abroad. Those working on the indigenous submarine development plan include the three major shipbuilders CSBC Corporation, Jong Shyn Shipbuilding, and Ching Fu Shipbuilding and the three major suppliers Hong Shen Propeller, Ming Rong Yuan, and SDG Engineering (Chen 2016). Other domestic constituents of the global defense industry and beneficiaries of Taiwan's military investment include the National Chung-Shan Institute of Science and Technology; the Armaments Bureau of the Ministry of National Defense, which is responsible for production, procurement, and quality control; and the state-owned Aerospace Industrial Development Corporation, which has developed Taiwan's indigenous defense fighter and other military aircraft and President Tsai Ing-wen has said 'will play a very important role in the country's national defense industry' (Chen et al. 2016).

Apart from domestic arms production, Taiwan has been primarily dependent on the US government and US-based corporations for its acquisitions, although Italian arms manufacturers have also become involved in recent years. Guarantees of US arms sales to Taiwan were codified into US law in the 1979 Taiwan Relations Act, in which the US government committed to 'make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability' (Taiwan Relations Act 1979). Needless to say, US defense manufacturers have been major beneficiaries of the long-standing policy, and many have formed strong ties with the

island, including Lockheed Martin, Raytheon, Northrop Grumman, and General Dynamics (Cropsey 2015).

A few of the more prominent naval vessel acquisitions in recent years have included two refurbished Osprey-class coastal minehunter ships delivered in 2012 and two Perry-class frigates in a \$175–190 million deal finalized in 2015. Recent aircraft procurements have included 12 Lockheed Martin P-3 CUP Orion anti-submarine and maritime surveillance aircraft in a \$664 million deal delivered from 2012 to 2015; 30 Boeing AH-64 Apache combat helicopters in a \$2 billion deal delivered from 2012 to 2014; and 60 UH-60 Black Hawk helicopters produced by Sikorsky, a subsidiary of Lockheed Martin, and scheduled for delivery from 2014 to 2019. Missiles and related systems, radar and surveillance installations, and other military equipment acquired since 2010 number in the thousands, are valued in the billions of dollars, and involve arms produced by all of the top US defense manufacturers (SIPRI “Arms Transfers Database” 2016). The Executive Yuan of the ROC states in its 2015 annual report that the United States had sold \$18 billion in arms to Taiwan over the previous seven years (ROC Yearbook 2015, p. 77). As Taiwan seeks to improve its defense capabilities, US corporations such as Lockheed Martin, Boeing, Raytheon, and Northrop Grumman as well as Italian defense manufacturers have been the major foreign beneficiaries of its military spending (SIPRI “Arms Transfers Database” 2016), which has been further catalyzed by increasing tensions in the South China Sea.

As a major non-claimant stakeholder in the South China Sea, Japan has also begun to play an increasingly high-profile role in the disputes through its support for claimants seeking to bolster their defensive capabilities and domestic policy shifts that pave the way for more direct and active involvement in the securitization of the South China Sea and maritime areas in the Asia-Pacific more broadly. Japan is ‘among the world’s top military spenders, at almost \$50 billion in 2013—despite a constitution that explicitly forbids war (and even the maintenance of ‘land, sea, and air forces’)’ (Bienaimé 2014). Recent policy shifts have further increased the Japanese government and Japan-based arms manufacturers’ potential impacts on and benefits from the South China Sea disputes. Japan lifted its military export ban in 2014 and held its first military industry trade show in 2015 (Soble 2015). Since then, major Japanese corporations, many of which are household names, have emerged on the global stage with the development and marketing of military technology. These include Mitsubishi Heavy Industries, Kawasaki Shipbuilding, Hitachi, and Toshiba, which are

now producing Japan's first stealth fighter jet, maritime surveillance aircraft, Soryu-class diesel-electric submarines, amphibious assault vehicles, and many other products with defense applications ("Japan unveils" 2016; Soble 2015). At the same time, the Japanese government has also been in arms export negotiations with Malaysia and the Philippines (Soble 2015), participated in bilateral maritime law enforcement exercises with the Philippines ("Philippine Coast Guard" 2016), and began to supply the Philippine Coast Guard in August 2016 with ten armed multirole response vessels produced by Japan Maritime United Corporation in a deal valued at \$150 million (Rahmat "Japan Readies" 2016; "Japan to Start" 2015). Prime Minister Shinzo Abe's reinterpretation of the constitution and ongoing effort to revise it may also further benefit Japanese constituents of the global defense industry, but doing so remains an uphill battle for the several political parties that support the cause (Hornung 2016).

In parallel with the rising tensions in the South China Sea, claimants have sought to bolster their naval defense capabilities by importing arms and, in the cases of China, Taiwan, and Vietnam, also manufacturing them domestically. Major non-claimant stakeholders and others integrated into the global defense industry have taken advantage of the South China Sea disputes to contribute to claimants' military enhancement efforts and increase their own military presence in its waters. The result of these trends has been immediate financial gains for many state and non-state actors, particularly arms manufacturers, which have benefited materially from regional insecurity and the ensuing drive to safeguard national interests, territorial claims, and entitlements.

Future Investment Guarantees

Besides contributing to immediate and direct financial gains for the global defense industry in recent years, the South China Sea disputes also serve to guarantee continued investment in its constituent elements into the future. In many countries, ongoing and planned overhauls of national defense policies foretell a profitable future for the global defense industry. Although commitments by policymakers to increase government defense spending do not always pan out, they do give a good indication of future investment trends and the weight given to securitization efforts compared to other government expenditures. South China Sea claimants and other major stakeholders have all made clear their intentions to strengthen national maritime security efforts. Such measures are taken not only

because they are seen as vital to securing national interests but also because the plans themselves impact the regional security environment.

China, which has thus far led the way in terms of existing infrastructural and securitization developments in the South China Sea, has also made its mark in terms of future investment guarantees. Its commitment to the rapid development of naval vessels and maritime infrastructure is particularly noteworthy and suggests that Beijing feels hemmed in by the recent upsurge in foreign military activities in the neighborhood and views its maritime periphery as a potential flashpoint in the future. To this end, having commissioned its first aircraft carrier *Liaoning* in 2012, China has already begun the development of a second one (“China is Developing” 2015) and has also built the world’s two largest Coast Guard marine surveillance ships, one of which will operate in the South China Sea (Zhao 2016). As a US Office of Naval Intelligence report notes, ‘Predicting the composition of China’s naval force in the next 10–15 years is difficult because of the opaque nature of China’s military requirements and acquisition process. ... As we look ahead to the coming decade, the introduction of aircraft carriers, ballistic missile submarines, and potentially a large-deck amphibious ship will fundamentally alter how the PLA(N) operates and is viewed by the world’ (The PLA Navy 2015). As China invests in enhancing its maritime defense capabilities in response to tensions in the South China Sea and elsewhere, the domestic and global defense industry will continue to be the key beneficiary of this investment.

Claimants besides China have also made clear their guarantees of future investment to securitize the South China Sea. These include Indonesia, which plans ‘to increase the 2016 defense budget by nearly 10 percent, to around \$8.25 billion’, upgrade existing and build new military bases, deploy naval vessels, aircraft, and missile defense systems (Rees 2016), and build a submarine base on Pulau Natuna Besar, an island ‘selected due to its proximity to the South China Sea’ (Rahmat “Indonesian” 2016); the Philippines, which ‘plans to ramp up military spending over the next 13 years’ and has set aside over ‘\$20 billion to modernize its forces in the face of Beijing’s maritime ambitions in the disputed South China Sea’ (Mogato 2015); Taiwan, with its commitment to invest \$94 million in the new indigenously developed submarine program (Wu 2015); and Vietnam, which has celebrated the ending of the US arms embargo against it and plans to invest in anti-submarine aircraft from Japan (Tomiyama 2016).

Future investment guarantees related to the South China Sea have also been clearly signaled by the US government, and it goes without saying that US defense corporations will be at the forefront as recipients of this investment. Examples of US investment guarantees that involve further arming South China Sea claimants or otherwise securitizing the maritime area include the Obama administration's Asia-Pacific rebalancing strategy seeking 'to redeploy 60% of American air and sea power to Asia by 2020' (Harner 2014), the strengthened military alliance with the Philippines via the EDCA signed in April 2014, the Defense Innovation Initiative and Long-Range Research and Development Planning (LRRDP) Program launched in November 2014 and heralded by then-Secretary of Defense Chuck Hagel as representing a 'new era for the defense department' (Hagel 2014), the \$425 million Southeast Asia Maritime Security Initiative announced by Secretary of Defense Ash Carter at the Shangri-La Dialogue in 2015, and the lifting of the arms embargo against Vietnam in May 2016.

Other major non-claimant stakeholders have also provided future investment guarantees that will benefit the global defense industry. Australia has been explicit about its planned investment with the announcement of 'the biggest expansion to its navy since World War II' (Perlez 2016) as outlined in the *2016 Defence White Paper (2016)* issued by the Department of Defence in February 2016. Japan has also been vocal about its increasing support for the global defense industry through the reinterpretation of its constitution and plans to redefine the role of the Self-Defense Forces in the regional security environment.

As countries seek to confront the elevated level of tensions in the South China Sea, they have been clear about their plans to invest greater amounts in national and regional securitization efforts. While states continue the war of words over their respective claims, entitlements, rights, and freedoms in the South China Sea, these future investment guarantees are destined for the global defense industry, the constituents of which have been and will continue to be the major beneficiaries of the South China Sea disputes.

Affiliated Industry Creation and Expansion

Elements of the global defense industry continue to benefit from immediate financial gains and future investment guarantees, as detailed above, because of their crucial roles in the South China Sea disputes. The global defense industry is comprised of a diverse set of state, semi-state, and

non-state actors and the relations and exchanges between them, and arrangements between the private and public sectors are by no means a new phenomenon. Beyond these more traditional constituents of the global defense industry, new challenges and technologies involved in modern warfare and the development of national defense programs have led to diversification in the defense industry, resulting in the creation of new affiliated industries and the expansion of existing ones. Moreover, the maritime nature of the disputes has further fueled these shifts by introducing new variables into the equation. Such variables include the extreme land-to-sea ratio, which has few historical parallels, and the closely related issues of oversea transport distances, incomplete infrastructure to independently support human habitation, artificial island creation requirements, and surveillance challenges. The high level of international visibility of the disputes also has an important impact on the strategies and policies employed by states, thereby further stimulating diversification in defense-relevant industries.

Affiliated industry creation and expansion linked to the South China Sea disputes has also been paralleled by a broader shift in the global defense industry from large defense firms providing high-cost, high-power technologies to smaller, dual-use suppliers of innovative specialized technologies (Bitzinger 2008, p. 8). The affiliated industries most evidently boosted by the South China Sea disputes fall under two broad categories: maritime and aerospace.

In the maritime category, the interrelated maritime construction, engineering, and transport industries have played a crucial role in both the physical and political development of the South China Sea. Among the many aspects involved, land reclamation has received an overwhelming amount of attention in international fora, largely due to its visibility, quantifiability, and predisposition to being perceived as a remarkable feat of engineering. Land reclamation, or using infill to create land from previously maritime or aquatic spaces, has been common practice in human societies for millennia but has tended for practical reasons to take place in inland waters or along shores connected to continental landmasses. Dredging operations have become an important component of some claimants' South China Sea infrastructural development projects and efforts to substantiate and safeguard their claims. Large-scale reclamation has taken place on China-occupied Cuarteron Reef, Fiery Cross Reef, Gaven Reef, Hughes Reef, Johnson Reef, Mischief Reef, and Subi Reef mostly since 2014; Vietnam-occupied Sand Cay since 2011 and West Reef

since 2012; and many other features either in earlier years or recently but to a lesser extent (“Island Tracker” 2016). Companies involved in these operations have been on the receiving end as beneficiaries of the projects.

Large-scale infrastructural development has also occurred on the reclaimed and natural features themselves. Not including arms production, a few recent and planned projects include China’s construction of tourist resorts and service stations on Woody Island (Blanchard 2016; “China’s Sinopec” 2015) and lighthouses on Cuarteron Reef, Johnson Reef, and Subi Reef (Viray 2016) and Taiwan’s construction of a new lighthouse and \$100 million upgrading of the port on Itu Aba (Taiping) Island (“Taiwan president” 2016).

Countries have also signaled their intentions to develop and operate unmanned undersea vehicles (UUVs) and unmanned surface vessels (USVs) in the South China Sea. Several examples include the US Navy’s Large Displacement Unmanned Underwater Vehicle program developed by the Unmanned Maritime Systems Program Office (Dyer 2016; “Large Displacement” 2015), which has the goal of ‘marrying traditional acquisition and advanced development into a single charter’ and ‘coordinat[ing] unmanned system acquisition efforts’ (“Fact Sheet” n.d.), and the Sea Hunter autonomous USV manufactured by Vigor Industrial (Stewart 2016). These projects have been promoted for their potential use in the South China Sea, and relevant investment directly benefits emerging industries closely tied to the global defense industry.

The aerospace industry, an affiliate of the global defense industry that is comprised of the aviation and space-based technology sub-industries, has also been a beneficiary of South China Sea tensions. In aviation, the proliferation of UAVs around the world for both military and civilian use has led to suggestions that such technology could play an important role in the South China Sea in the near future. China, which has an estimated 400 drone manufacturers (Lim 2016), has already begun to operate its BZK-005 surveillance drone developed by Beihang University (“This is Why” 2016), and further deployments would not come as a surprise to most observers. The Philippines has solidified a \$14 million deal to acquire a fleet of UAVs from Triton Communication Corporation (Lim 2016; “Elta” 2016). Vietnam, after acquiring ‘Grif-K tactical UAVs from Belarus in 2014’ and ‘Orbiter 2 and Orbiter 3 drones from Israeli manufacturer Aeronautics’, has completed prototypes of its indigenously developed HS-6L UAV, which is ‘the result of a joint venture by Vietnam’s Academy of Science and Industry with the Ministry of Public Security’ (“Vietnam

Builds” 2015). The United States has also suggested that it has plans to increase its use of UAVs globally, including in the South China Sea.

Moreover, commercial airlines may be able to benefit from the development of runways throughout the South China Sea and government efforts to begin promoting tourism to remote features in the maritime area (Blanchard 2016; “Flight” 2016). China has already begun limited commercial flights to Woody Island in the Paracel Islands and Fiery Cross Reef in the Spratly Islands; Malaysia has flights to its diving resort on Layang Layang; and Taiwanese lawmakers have suggested developing tourism on Itu Aba (Taiping) Island.

As for the space industry, space-based technology startups and the capabilities they provide have sparked the beginnings of a revolution in thinking in the South China Sea. Up-to-date satellite imagery, which was once accessible only to governments, if at all, and at great expense, can now be easily acquired through a handful of providers such as ImageSat International, Orbital ATK, and Planet Labs. Costs are no longer prohibitively expensive, with companies selling the latest high-resolution imagery for as low as \$16 USD per square kilometer with a minimum purchase of \$800 USD. Aware of the potential for South China Sea tensions to serve as an important source of income, they have even featured the South China Sea in marketing materials offered to the general public.⁶ Other potential beneficiaries of the disputes are companies operating micro-satellites for real-time ship identification and monitoring.

The US government is clear about its plans to support these and other emerging affiliated industries that could influence military trends in the future. The LRRDP announced by the Department of Defense in 2015, which focuses on ‘space, undersea, air dominance and strike, air and missile defense and ... integrating commercial technological advancements’ (“Pentagon Launches” 2015), and other components of the Defense Innovation Marketplace offer evidence of the importance placed on fostering such affiliated industries.

As tensions in the South China Sea rise, the evidence is clear that both traditional defense corporations and companies in many different affiliated industries have been the recipients of material benefits that far surpass those of other actors—states, private enterprises, individuals, or otherwise. These material benefits have included immediate financial gains, future investment guarantees, and the creation and expansion of affiliated industries that now cater not only to civilian, but also military buyers.

Immaterial Benefits

In addition to the material benefits outlined in the previous sections, the global defense industry is also the beneficiary of several important immaterial benefits. These include (1) the creation and reinforcement of a narrative of necessity and prioritization of securitization strategies as a result of the South China Sea disputes and (2) a reduced level of risk relative to other industries.

Narrative of Necessity

One of the major implications of elevated regional tensions in the South China Sea is that the tensions have created a narrative of necessity surrounding securitization efforts and defense spending that benefits the global defense industry. In turn, this has led rival claimants and major stakeholders to prioritize their securitization strategies and, in some cases, put other issues on the backburner because of the perceived urgency of maritime securitization efforts in the region.

South China Sea claimants have used the disputes to promote a narrative of necessity regarding their prioritization of securitization strategies. In China, military development in the South China Sea has been portrayed as a necessary response to growing security threats in the neighborhood. In Indonesia, national defense and maritime law enforcement operations have shifted toward the Natuna Islands in the South China Sea, the securitization of which is seen as a priority for the country in the context of regional tensions. In the Philippines, renewed military ties with the United States two-and-a-half decades after expelling the US military from Philippine territory have been considered a necessary precaution in the face of increasing threats to the country's South China Sea claims. In Taiwan, which has traditionally only been concerned with military engagements with mainland China, the government has reacted to the South China Sea tensions by promoting a new narrative of necessity and prioritizing maritime security efforts as the number of potential rivals increases.

Major non-claimant stakeholders have also cultivated a narrative of necessity in responding to the South China Sea tensions. Australian policymakers have wavered between several camps with some promoting a narrative of necessity regarding South China Sea securitization and others seeking to limit Australian involvement (McCarthy 2016). In Japan, the long-standing 'postwar pacifism' has been replaced with 'a new, more realist foreign policy' focused on prioritizing regional security and redefining the

country's role in the region (Auslin 2016, p. 125). Needless to say, US officials have also taken advantage of South China Sea tensions to further cultivate a narrative of necessity and the prioritization of regional securitization strategies through a wide range of programs announced in recent years. As the elevated level of tensions in the maritime area persists, both claimants and major stakeholders have emphasized the need for prioritizing security to safeguard their claims and interests in the South China Sea, and constituents of the global defense industry have been and will continue to be the beneficiaries of these shifts.

Relative Risk

Another major implication of South China Sea tensions is that they pose inherent risks for certain industries. The fishing industries of the seven claimants, for example, are active throughout most of the waters of the South China Sea. These operations range from individual vessels engaging in traditional subsistence or commercial fishing to large-scale corporate operations harvesting massive amounts of living resources on an ongoing basis. For these fishing vessels, the international legal landscape in which they operate is an uncertain one. As no consensus has been reached on the status of features or the delimitation of maritime boundaries including territorial waters and exclusive economic zones, these fishing operations hang in the balance and have no choice but to operate under the assumption that the law enforcement organisms of rival claimants will refrain from interfering in their activities. The risks of confrontation increase as they venture into waters that are further within disputed areas or more likely to be patrolled. At present, the vast majority of the South China Sea remains a gray area in terms of the legality of extracting living resources even in the aftermath of the final award issued by the tribunal in the Philippines versus China arbitration case.

Like fishing operations, companies seeking to engage in the exploration and extraction of non-living resources, such as oil and natural gas, confront a difficult dilemma in deciding whether or not to invest in such operations in the South China Sea. On one hand, oil blocks have been announced and drilling has commenced in certain areas. On the other hand, the geographic coordinates for most of these areas have been determined unilaterally by one claimant or another and overlap either partially or fully with the maritime territorial claims of other countries. These risks must be taken into account in all relevant decisions to initiate or continue the exploitation of non-living resources in the South China Sea.

Shipping and international trade passing through the area also run risks and must operate under the assumption that claimants will respect freedom of navigation and overflight for commercial vessels even though some claimants have asserted their jurisdiction in the South China Sea and rights to limit such freedoms. Although shipping has thus far continued relatively unhindered by the disputes and related political rhetoric, the possibility remains that claimants will seek to impose restrictions on their operations. All of these industries risk, to varying extents, being heavily impacted by any further increase in tensions or volatility in the South China Sea.

In contrast, constituents of the global defense industry have a distinctly lower relative risk than those of the fishing, energy, and shipping industries in the context of the disputes. As this chapter has demonstrated, they have been the major beneficiaries of the increased level of tensions in the region. In the event of further escalation, the fishing, energy, and shipping industries may be negatively impacted while the global defense industry would likely be seen as ever more crucial to claimants and major stakeholders for safeguarding their claims and pursuing their interests. Significant de-escalation of tensions would likely only affect these industries in the long-term and in small steps as the potential for further escalation would persist.

CONCLUSION

In the clamor to interpret the rapid developments in the South China Sea, there is a tendency among analysts to focus on the state, either formally or informally, as the sole unit of analysis. The tendency toward state-centric analyses comes at the expense of a more holistic understanding of the South China Sea maritime territorial disputes. In particular, despite the prevalence of high-profile interactions between state apparati, no state has emerged as the undisputed winner in the disputes. Meanwhile, the global defense industry has benefited immensely from developments in the region. As this chapter has described in detail, these benefits have been both material and immaterial in nature. Material benefits for the global defense industry have included immediate financial gains, future investment guarantees, and affiliated industry creation and expansion, while immaterial benefits have included the creation of a narrative of necessity and reduced risk relative to other industries. As all indicators point toward protracted disputes in the South China Sea, the global defense industry is poised to continue in its role as the major beneficiary of the maritime territorial disputes.

NOTES

1. FGM-148 Javelin anti-tank missiles are supplied through a joint venture between Raytheon and Lockheed Martin.
2. Original quote was revised by the author for grammatical clarity from: “As for the naval ships, CSSC is capable of building almost various kinds of warship and auxiliary vessels as well as the related equipment for the Chinese Navy, thus earning the position as the backbone forces backing-up the Chinese Navy in terms of its construction.”
3. Subsidiaries and affiliates supplying the Chinese armed forces include Oboronprom, Kamov, Mil, Russian Helicopters, and Rostvertol.
4. Subsidiaries and affiliates supplying the Chinese armed forces include Ilyushin and Sukhoi.
5. See Table 2.1. These percentages were calculated by the author based on the 2003–2014 period. Note that the military spending growth figures for China and Indonesia in Table 2.1 are calculated based on the 2001–2014 period.
6. Personal correspondence.

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Tourism as a Territorial Strategy in the South China Sea

Ian Rowen

INTRODUCTION

The People's Republic of China (PRC) is deploying tourism as a tool in its territorialization program for the South China Sea, reconfiguring geopolitical imaginaries and popular political discourse, and developing new leisure spaces, economies, and infrastructure. This approach is consistent with China's deployment of outbound tourism to achieve political objectives in other regions, both within and far beyond its periphery. Outbound tourism from China has been used as an economic lever for extracting political concessions not only in nearby Taiwan, but as far away as Canada. At the same time that tourism is being used to consolidate Chinese state authority in Tibet (Shepherd 2006), it has also triggered widespread popular protest in semi-autonomous Hong Kong. State-directed Chinese tourism is now increasingly precipitating international protest over the territorially contested South China Sea.

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in the South China Sea*, Critical Studies of the Asia-Pacific,

https://doi.org/10.1007/978-3-319-62828-8_3

The unsettled sovereignty of the South China Sea has provided a theater for several “creative territorialization” strategies, including tourism, administrative rezoning, and land reclamation. This chapter will focus on the former two and argue that the PRC is using tourism as a tactic in the South China Sea not only to assert military and administrative control over the region, but also to promote patriotic sentiment among its own citizens. Both tourism and administrative rezoning function tangibly as territorial technologies in the region by remaking the facts on the ground (or on the sea, as it were): Ships and planes bearing people and materials inscribe visible changes on the landscape, physically labeled as a particular zone. Tourism and zoning also function intangibly in intra- and international space by making discursive claims about regional heritage and history. The claims of official state agencies, both about sovereign territory and its administrative division, are reproduced and circulated by travel industry actors, tourists, and bloggers, promoting further tourism development and materialization of the PRC’s claims.

This chapter will first situate and provide a brief political history of China’s general outbound tourism policies and practices before turning to the South China Sea itself. Particular attention is paid to the territorial claims implicit in new Chinese passport designs and the establishment of the Sansha City administrative region, which covers much of the South China Sea. This will be followed by a qualitative analysis of official state announcements and destination-marketing materials from both private and state-owned Chinese travel agencies, and online how-to guides and blogs. This analysis explores the territorial implications of representations of South China Sea destinations as not only new sites for leisure, but also for the performance and training of a patriotic Chinese citizenry.

Among all the competing state claimants to the South China Sea, the PRC’s use of tourism as a tool of foreign policy (Richter 1983) and territorial strategy (Rowen 2014) is most well established, and this history is briefly recounted below. Moreover, China’s military and island-building projects are more extensive than those of its neighbors. Therefore, China will receive proportionally greater attention in this chapter. Nevertheless, Malaysia, Vietnam, and the Philippines—among China’s most assertive counter-claimants—have also become increasingly proactive about organizing politically motivated tours in recent years and will also receive brief discussion.

TOURISM AS A TERRITORIAL STRATEGY AND TOOL OF CHINESE FOREIGN POLICY

This chapter builds on work (Rowen 2014, 2016) that uses the case of tourism from the PRC to Taiwan to argue that tourism should be seen as a *technology of state territorialization*. Tourism in this sense is conceived as an ensemble of practices that produce tourists as national subjects and, reciprocally, the territory of the nation-state itself, as effects of power. The production of national tourists and national territory takes place both domestically and internationally, and may include devices such as travel permits, practices such as border crossing and site visitation, and everything else enabled by the physical and human infrastructure of tourism, including performances of the nation-state and its territory.

Mere maps, not just bodies and battleships, can produce heated disputes in the South China Sea. For example, the passport—one of the main devices employed by tourists, the State, and quasi-State apparatuses that regulate mobility—has been deployed in the South China Sea dispute. A map with the Nine-Dash Line was included in China’s microchip-equipped passports starting in 2012, drawing immediate criticism from officials in the Philippines and Vietnam. “The Philippines strongly protests the inclusion of the Nine-Dash Line in the e-passport as such image covers an area that is clearly part of the Philippines’ territory and maritime domain,” Philippine Foreign Secretary Albert del Rosario reportedly said. Luong Thanh Nghi, a spokesman for Vietnam’s foreign ministry, offered a similar interpretation: “This action by China has violated Vietnam’s sovereignty to the Paracel and Spratly islands as well as our sovereign rights and jurisdiction to related maritime areas in the South China Sea, or the East Sea” (Mogato 2012).

The South China Sea was not the only mapped site at stake with the 2012 passports—officials in India and Taiwan also registered loud displeasure with the inclusion of depictions of their effective territories in the PRC travel documents, constituting a coincidental united front on the battlefield of this peculiar “passport war.” Those foreign ministries directed their immigration officers not to stamp the new passports for fear of legitimizing the PRC’s territorial claims. Their solution was the creation of another device: entry stamps on specially issued, separate forms (Tharoor 2012).

The PRC’s invention and deployment of “Approved Destination Status” (ADS) is another example of China’s politically instrumental use of tourism. Outbound tourism has, since 1995, been regulated by a

system by which the China National Tourism Administration confers ADS on countries that have signed bilateral agreements with China. ADS allows outbound group tourists to apply for visas through travel agencies, saving them a trip to the consulate. It also encourages greater marketing of group tours. ADS is, therefore, a highly desirable designation for countries that are eager to boost inbound tourism revenue.

The initial purpose of the ADS system was to limit Chinese nationals from bringing hard currency abroad (Arlt 2006). ADS later became a tool to exert other forms of political pressure. A primary criterion is that “the country should have a favorable political relationship with China” (Kim et al. 2005, p. 212). For example, it took Ottawa over 18 ministerial visits to China and the adoption of more pro-China rhetoric and policy positions before Canada was granted ADS in 2009. This so-called gift is expected to bring over US\$100 million in additional annual tourist revenues (Lo 2011).

Complementing such political and economic tactics, the cultural authority exerted via the construction and management of tourism sites is an additional dimension for the analysis of the PRC state practice. Anthropologist Pal Nyíri (2006, p. 75) has argued that the PRC “sponsors a discursive regime in which scenic spots and their state-endorsed hierarchy are tools of patriotic education and modernization, and in which the state has the ultimate authority to determine the meaning of the landscape.” Organizational conditions that allow this to happen include the deep institutional and personal overlaps between state regulatory agencies, tour operators, and site developers and management. These scenic spots are symbols of state authority, components of a late socialist nation-building project, and a part of the PRC’s presentation of itself as a territorially bounded nation. The PRC’s deployment of tourism in the South China Sea, in which official state actors, travel agencies, and media actors together produce the effect of Chinese territory, is consistent with these broader territorial techniques and strategies.

TOURISM, “CREATIVE TERRITORIALIZATION,” AND TENSION IN THE SOUTH CHINA SEA

Tourism in the South China Sea has been facilitated by new administrative designations and territorial divisions, characteristic of the PRC’s “creative territorialization” strategies (Cartier 2013). The July 2012 establishment of the Sansha prefectural-level “city,” encompassing only

13 square kilometers of land but including 2 million total square kilometers of the surrounding waters of the Spratlys and Paracels, is an example of the relationship between “administrative-territorial change...and the role of the State in projecting future social, political, and economic goals through territorial adjustment” (Cartier 2013, pp. 72–3). A major goal of the establishment of Sansha City is the consolidation of the PRC’s claim to sovereignty over the extent of the territory. The performative declaration of Sansha’s creation by the (administratively super-ordinate) Hainan provincial governor and provincial party secretary “narrates the territorializing discourse” of this new administrative arrangement (Cartier 2013, p. 72).

Tourism is a critical component of this territorializing process. The United Front Work Department of the Communist Party of China Central Committee—the state body tasked with facilitating Communist Party collaboration overseas and advancing the PRC’s territorial expansion and integration projects (including Taiwan and Hong Kong)—on 21 May 2015, issued a series of suggestions on how to improve Sansha tourism safety measures as a part of its online “selection of exciting recommendations” (*jingcai jianyan xuandeng*):

With the establishment of Sansha City in recent years, Sansha tourism has become official business. Sansha tourism has extremely important significance. To pledge and protect our nation’s sovereignty over the South China Sea, promoting the development of Hainan and South China Sea tourism will have an important function. The year 2013 was our nation’s year of ocean tourism. The opening of Sansha tourism was the official maiden voyage of deep-sea tourism. Our nation is a tourism great power, and extending our destinations into the ocean will symbolize our move towards being a tourism superpower. As Sansha tourism is ocean tourism, there are a number of key tourism safety issues. Tourism safety is the fundamental guarantor of tourism development. Primarily because the Xisha [Paracel] Islands occupy a special position in the South China Sea issue, even though our nation has sovereignty over the Xisha Islands, their geographical position and special environmental factors raise issues for tourism management. (China National Democratic Construction Association 2015, author’s translation).

While the remainder of the United Front report focuses primarily on navigation safety, weather, medical facilities, and tourist safety education, it suggests that “incursions” by Vietnam and the Philippines into the PRC’s claimed territorial waters may also influence Paracel tourist safety.

The United Front Work Department's own communications make plain that tourism is a conscious part of the PRC's geopolitical strategy for the South China Sea. This is an agenda shared across agencies—in 2016, the mayor of Sansha, Xiao Jie, announced his plans to make Sansha “a major tourist attraction comparable to the Maldives and [which] will be a key post on the Maritime Silk Road” (Li and Liu 2016).

Tourism adds rich narrative modes and acts to state territorial discourses, articulated not only in government agencies, but with the collaboration of a mix of state and non-state actors. It enrolls not just politicians and bureaucrats but also ordinary bodies, businesses, and even blogs in the production of borders and territory. The abstract administration of sovereignty in the imaginary space of a potential tourist destination became increasingly concrete with the opening of the Paracels to tourism on 6 April 2013—one year after the creation of Sansha. Although the maiden voyage of the *Coconut Princess* raised objections from Vietnam, Chinese officials and tourists appeared unfazed. For example, in a BBC news video report on tourists as “foot soldiers” in the China-Vietnam sovereignty dispute, a middle-aged Chinese male tourist claimed, “This is our national territory. I can come and go here whenever I please.” The journalist concluded, “on the islands, tourism has become more about politics than mere pleasure” (Ethirajan 2014). Travel agencies are clear about the political implications of their operations, and use them as selling points. “Setting foot onto China's most beautiful gardens is a declaration of our national sovereignty,” says the website of the Hainan Airways International Travel Agency (Torode and Mogato 2015).

Tourist industry representations of the disputed island groups further perpetuate the territorializing instrumentality of the newly formed Sansha City administrative zone. For example, Ctrip, China's largest travel booking engine, lists island destinations such as Yongxing Island (the seat of Sansha's government; also known as Woody Island), Qilian Island, and others under the Sansha category. This follows Ctrip's general site hierarchy of province-city-destination, normalizing the administrative-territorial claims implicit in the creation of Sansha City.

Under its general information about Sansha City, Ctrip includes the following description:

Sansha City is one of the three prefectural-level cities in Hainan. Located in the South China Sea, it is the southernmost city in China, and the second city in the country to be composed of an archipelago. The land area of

Sansha City is 13 square kilometers, and the sea area is over 2 million square kilometers. In its jurisdiction are the Xisha, Zhongsha, and Nansha island groups as well as their waters. It is China's smallest city by land area, largest city by total area, and least populated city. Sansha City's government seat is on Yongxing Island in Xisha. Yongxing Island is also the largest island in the South China Sea. (C-Trip Destination Guides 2017, author's translation)

The exact same description is found on the websites of state-owned operators such as Beijing China Travel Service, while others with subtle variations but substantially similar content can be found on social travel sites like Mafengwo. Such descriptions of urban spaces would be banal in less exceptional "cities," but their appearance here furthers the aims and strategies of the initial establishment of Sansha City, which serves, in Cartier's terms, to "safeguard China's sovereignty and serve marine resource development, [which] are future-oriented and backed by state power. This is... the administration of sovereignty and the economy of marine resources in the abstract space of a city" (Cartier 2013, p. 72). It is also the geopolitically instrumental administration and economy of leisure, and specifically tourism, in this abstract space.

CONTESTED SOVEREIGNTY AND TERRITORY AS SELLING POINTS

The itineraries and marketing copy of the PRC's Paracel cruise ships use the destination's remoteness and geopolitical salience as selling points. On the Hainan International Travel Airways website, the four-day round-trip voyage from Sanya, Hainan, to the Paracels on the *Coconut Princess*, which took approximately 200 passengers on two trips per month, is described as 2015's trendiest voyage:

Sail on the legendary *Coconut Princess*, circle the beautiful Xisha islands.

This is the southernmost and most difficult journey, but it will change your life. There are no starred amenity services or facilities, just the extreme purity of the sky, sea, islands, and beaches. Open China's map—in the deep blue of the South China Sea, behind the red coral and blue waters hides the Paracels. Here is a heaven, half of water, half of fish. In 2005, the Paracels were named "1st Place, Most Beautiful Islands" by *China National Geographic Magazine*. If you think Sanya is stunning, then a look at the Paracels sea will make you swoon. Even if it's just a glance, even just a passing look, you'll be certain that this is the ultimate paradise. Everyone's heart

has a sea like this. What a pity that most people will never arrive in their lifetime. (The Coconut Princess 2015, author's translation)

Despite the above claims, the terms and conditions at the bottom of the page add: "The Paracels are military zone, not a tourism area. The Paracels are one of China's undeveloped areas. It is necessary to observe the nation's laws and regulations as well as the rules of the islands, and to take care of the natural environment. Violators will be held responsible."

Another advertisement for the *Coconut Princess* is even bolder in its appeals to patriotic sentiment. Next to a PRC flag is this call to action:

The southern islands have been part of China's territory since ancient times. They are a sacred territory that cannot be divided. Please join us, step on the sacred (*shensheng*), miraculous (*shenqi*), mysterious (*shenmi*) national territory (*guotu*) with your two feet, and witness and participate in history! (Mysterious Paracel 2017, author's translation)

A promotion for a different ship, the *Sansha No. 1*, departing from Wenchang City, Hainan, states:

China's most mysterious sea region, its southernmost archipelago, an important military zone, the Paracels' highest island is Shidao, its biggest island is Yongxing Island ... The Paracels are a place you should visit once in your life. Some tourists think that Sanya's Tianya Haijiao is the southernmost point in our homeland, but actually that's false. Others say that Zengmu'ansha [James Shoal], in Sansha, is the southernmost. Looking at the map, Jinmujiao is far south too. But these hair-splitting distinctions all pale in view of the already-developed Paracels. (The Sansha No. 1 2017, author's translation)

The marketing copy of both of these sales pitches and regional descriptions focuses not just on the natural beauty of these destinations, but also on their geographical uniqueness as the southernmost claimed extent of the homeland. Striking here is that the PRC's claims to the Spratly Islands, which are significantly farther south of the Paracels, are subsumed in the destination-marketing hyperbole of the website. If anything, this should be read as an indication of the creatively ambiguous nature of the PRC's claims to the region, as well as the fact that the Spratlys have not yet been opened up to PRC tourism. Once tourists are able to head farther south than the Paracels, China's so-called southernmost archipelago designation

will no doubt move farther southward online as well. Indeed, this development is already on the horizon, with Fiery Cross Reef receiving its first civil aircraft and tourists in January 2016. While they were only a small group of soldiers' spouses and children, if the Paracels are any precedent, there will be many more to come (Liu 2016).

A POLITICAL READING OF POPULAR TOURIST GUIDES

The novelty and infrequency of South China Sea visits limits the availability of blogs and other first-person accounts of South China Sea leisure tourism. Nonetheless, the online search giant Baidu's Travel and Experience sections feature several South China Sea posts with thousands of unique visitors. The author of Baidu's most popular "how-to guide" for Woody Island (Shi 2012), who also wrote a guide to tourism in the disputed Senkaku/Diaoyu Islands, exemplifies the political tenor of South China Sea tourism. Between substantial verbiage devoted to the island's profusion of palm trees, expansive beaches, broad blue ocean vistas, and historical relics, the island's value to nation-building narratives is still given prominence of place. Striking here is an assertion of affinity between the PRC and the Republic of China, which first officially issued the Nine-Dash Line as a territorial claim in a 1947 map before it retreated to Taiwan in 1949 (Fravel 2011):

Here you can watch the raging seas lapping against the shores and see the majestic sights of waves piled upon waves. At sunset, you can also enter the "General's Forest [将军林]," filled with love and romance, and feel the affection and nostalgia the Republic [of China] leaders had for the Paracels. (How-to Guide 2016, author's translation)

The second most popular posting, a photo blog by Baidu user Black Night Prince "黑夜王子" details his four-day trip in February 2015, and shows photos of the PRC flag on every island, as well as photos of him in front of posted signs announcing not only national sovereignty, but the exact administrative designations of the islands under Sansha City, for example, "China, Hainan Province, Sansha City, Yagong Island." In the responses to both of these posts and others, commenters allude to the Paracels as "China's Maldives," assert that the Paracels contain China's finest beaches and boundless marine resources, and consistently use terms like "Our Nation" and "homeland" to emphasize Chinese sovereignty

over the region. Not surprisingly, tourism bloggers are facilitating the creative territorialization strategies of the Chinese state.

MALAYSIA, VIETNAM, AND THE PHILIPPINES ENTER THE FRAY

While China's claims are the most extensive, it is certainly not the only player in the South China Sea tourism game. The oldest continuous tourism operation in disputed territory is the Avillion Layang Layang Resort in Swallow Reef, which was occupied by Malaysia in 1983 and is well within its Exclusive Economic Zone. Malaysia first built a naval base on reclaimed land before beginning construction on a dive resort in 1991 to mild criticism from the PRC (Chen 1994) and Vietnam, whose foreign ministry then stated that, "pending settlement of disputes the concerned parties should avoid making the situation to be more complicated" (Thao 2001). Apart from maintaining this resort, Malaysia has not expanded its tourism operations in recent years. Its neighbors, however, have decided to join the fray in the meantime.

In June 2015, Vietnam replied belatedly to the *Coconut Princess*, China's cruise ship in the Paracels, by announcing a six-day cruise to two islands and two reefs in the Spratlys. The cruise ship promotion was released on the Ho Chi Minh City website, using language that had a similar patriotic register to its Chinese competitor: "Travelling to Truong Sa [Spratlys] ... means the big trip of your life, reviving national pride and citizens' awareness of the sacred maritime sovereignty of the country ... Tourists will no longer feel Truong Sa as far away, the blue Truong Sa ocean will be deep in people's hearts" (Reuters 2015). The cruise ship was the first salvo in a still tentative, step-by-step rollout of Spratly tourism, including passenger flights and package tours revealed later in 2015.

The Philippines has also expressed an interest in building a cruise line to serve their military-controlled islands in the Spratlys, including Patag, Lawak and Pagasa, as well as the Ayungin Shoal (Second Thomas Shoal). General Gregorio Pio Catapang, the chief of staff of the Armed Forces of the Philippines, claimed that "the cruise service could be a win-win situation for China and the Philippines because Beijing already has cruise services in other areas of the South China Sea" (quoted in Keck 2014). However, according to the same article, a naval official from the Chinese People's Liberation Army saw such a potential cruise line as a violation of

China's territorial claims. All of this indicates the likelihood of a new kind of tourist adventure in the not-too-distant future: the cruise ship confrontation.

CONCLUSION

Tourism is a high-stakes and potentially dangerous game in South China Sea territorial disputes. The PRC is the largest and most active player, but Vietnam, the Philippines, and Malaysia also appear intent on promoting their claims. Tourism's key role in PRC strategy is underscored by the direct involvement of the United Front Work Department of the Communist Party of China, which is tasked with promoting the party's programs overseas and consolidating the PRC's territorial claims beyond mainland China. Claims to the South China Sea are made discursively by images on passports and with spoken and written official pronouncements. The synergistic effect of PRC rezoning and state-directed, politically instrumental leisure tourism bolsters the PRC's territorial claims and its administrative-hierarchical division of the South China Sea. These claims are reproduced by travel agencies and tour operators, and propagated by journalists and bloggers.

Chinese cruise ships continue to depart several times a month from Hainan to the Paracels, carrying several hundred passengers whose self-reporting bolsters the message of marketing materials that sell the islands as aesthetically inspiring and geopolitically vital destinations. Vietnam has announced a similar cruise tourism campaign for the Spratlys, and the Philippines has also expressed interest. Not just a paper "passport war," but a real-life "tourism war" of navy-backed cruise ships may be on the South China Sea horizon.

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PART III

Localities

The Role of Provinces in Decision-Making Processes in China: The Case of Hainan Province

Olga Daksueva and Joyce Juo-yu Lin

INTRODUCTION

Reforms initiated by the national government of China since the 1970s have spread throughout the country, spurring political and social changes in all regions. Although the reform process and its outcomes may vary dramatically from province to province, it changed to some degree the pattern of center-province relations, turning the latter into more self-sustaining actor and easing the economic burden on the central government's budget.

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in the South China Sea*, Critical Studies of the Asia-Pacific,

https://doi.org/10.1007/978-3-319-62828-8_4

A crucial element of reforms was to delegate part of Beijing's international responsibility, for example, to conduct foreign economic relations, therefore shifting policy from total control toward decentralization (Chen et al. 2010, p. 332). After the establishment of the People's Republic of China (PRC), the Communist party took total control over decision-making at all levels, including foreign policy. Moreover, provinces had no power to conduct foreign economic activities and indeed had no incentives to do so. This diplomatic doctrine put forward by the then premier Zhou Enlai was instigated by his belief that "there are no small matters in diplomacy" ('wajiao wu xiaoshi'). This tendency was officially reflected in the 1982 Constitution, which stated that provincial governments are responsible to "conduct administrative work concerning the economy, education, science, culture, public health, physical culture, urban and rural development, finance, civil affairs, public security, ethnic affairs, judicial administration, supervision and family planning in their respective administrative areas" (PRC Const. art. CVII). In other words, decentralization took place not only in areas of low politics but also in highly critical areas such as fiscal relationships between the central government and provinces, with the latter gaining control of a higher proportion of their revenues (Goodman 1997, p. 1–2).

In international relations (IR) literature, it is widely assumed that relationships among various actors are characterized by low politics and high politics (Jackson and Sørensen 2013, p. 107). The latter incorporates roles that are the most vital to States, such as national sovereignty and defense, while the former relates to all other State concerns, including social affairs and economics. Recent research, however, highlights the close relationship between military power and the ability to defend sovereignty on the one hand, and economic issues on the other. This securitization of economic matters has allowed the economy to be administered as a high-politics issue (Ripsman 2000). Another difference lies in the actors involved; since the international system is state-centered,¹ security involves a high level of decision-making within a State (by State leaders) with minimal involvement of non-state or sub-national actors. Areas of low politics, on the other hand, allow for greater engagement by transnational and domestic non-state actors.

In this regard, the choice of Hainan Province as a case study is explicit and stems from several considerations: first, provinces in the 1980s obtained more power in collecting and allocating financial resources, and

managing low-politics issues, Hainan being no exception. Second, in 1988, Hainan acquired power from Guangdong province to govern the South China Sea (SCS).² Overall, Hainan authorities were delegated to hold different economic activities, and in recent years they became very proactive in building infrastructure and enhancing China's sovereignty claims, which in turn created widespread discontent among neighboring countries. In addition, due to its advantageous geographical location, Hainan was established as a Special Economic Zone (SEZ). After gaining provincial status, the local administration gained the opportunity to earn wealth by increasing economic transactions with Association of Southeast Asian Nations (ASEAN) countries via the SCS, and supposedly has more incentives and capabilities than before to pursue its own economic interests. In this regard, by observing the Hainan case, we can scrutinize the center-province relationship, wherein the latter may have a strong economic motivation and sufficient autonomy to achieve its goals, and thus may exert pressure on central government, thereby influencing China's foreign policy.

This chapter examines the level and impact of decentralization on Hainan province and its role in the process of foreign policy-making, with respect to low-politics issues. Hainan has recently been proactive in the SCS in terms of administering the contested territory, therein it is necessary to observe the degree of autonomy that Beijing gives to provincial authorities to make their own decisions and issue regulations concerning the disputed waters. In this regard, the chapter will attempt to ascertain to what degree Hainan as a province is an autonomous non-state actor that can articulate and implement its own policy within the limits of powers granted by the central government.

THE CENTER-PROVINCE RELATIONSHIP IN FOREIGN POLICY-MAKING

Central-provincial relations can be viewed from several perspectives. First, we will examine political decentralization in China and present academic views on this process. Second, we describe the mobility of political nomenclature in provinces as they define and realize the provinces' policies. Finally, we observe power and wealth distribution in center-province relations and the degree of financial autonomy of the Hainan provincial government.

Political Decentralization in China

Although decentralization in China began decades ago, there is no general understanding of the provinces' role in the decision-making process and their relationship with the central government. Some scholars argue that the ruling party gives provinces autonomy in international affairs, and that decentralization effected by creating other significant poles can deliberately corrode central authority. For example, Goodman and Segal (1994) state that reforms have brought economic success to coastal provinces while turning them into independent actors separate from the central government, and thus by eroding Beijing's economic domination they are precluded from pursuing the agenda pushed by the central government. Examining decentralization and regime type (autocracy or democracy), Landry (2008, p. 10) statistically demonstrates that decentralization decomposes authoritarianism by creating alternative sources of economic and political power that can gradually become opposition centers. Moreover, decentralization also stimulates economic development, but the latter in turn corrodes authoritarianism—a result that holds true in both the revenue and expenditure models.

Although previous studies provide evidence of economic trends showing a weakening of Beijing's power, opponents nonetheless argue that although provinces acquired political weight and power, in the international arena they are still not independent actors, but rather play the role of agents and partners of the Chinese national government, especially in the areas of low politics (Chen et al. 2010, p. 335). However, Chinese provinces have obtained a certain degree of autonomy, and even if they implement foreign policies mandated by the national government, they also act independently in pursuing their own provincial interests (Zha 2001). Overall, these scholars tend to emphasize the importance of the central authorities in Beijing, and place the aforementioned degree of provincial autonomy as being only relevant to issues of low politics.

Nonetheless, the previous two perspectives do not fully encapsulate the realities of power distribution in China. The significance of Beijing's leadership is critical not only in the realm of high politics, but more importantly, Beijing enjoys enduring political control in center-province relations, notwithstanding decentralization. As the Communist Party of China (CPC) is anxious about the prospect of loosening its political grip throughout the country, it therefore attempts to maintain tight control through such mechanisms as its monopoly over the appointment system

of the country's bureaucracy at all levels, which amounts to 10 million officials countrywide (Landry 2008, p. 16). Some experts, like Zhiyue Bo (2002), reject the decentralization process in China; this viewpoint will be discussed further in the section “[Mobility of Political Nomenclature in China's Provinces](#)”.

Mobility of Political Nomenclature in China's Provinces

According to the China's Civil Service Law, the objective of civil servant management is to ensure that “professionally competent” people and those “loyal to the party's ideological and political line” are recruited and promoted, and that they retain these qualities over time (Brødsgaard and Chen 2009, p. 6). Therefore, the CPC is especially interested in controlling and managing high-level positions. For example, candidates for leading posts are proposed by “so-called democratic recommendation of the party committee at the same level or by the higher-level organization or personnel department” (Brødsgaard and Chen 2009, p. 9). Using this mechanism of managing the political cadres, the central government exercises an interior control over the bureaucratic apparatus in terms of loyalty toward the extant political elite, thereby providing stability and security of the political system, and of the State as well.

Zhiyue Bo also rejects the idea of decentralization particularly in terms of political nomenclature as the central government still determines the recruitment and mobility of the leadership at the provincial level. Moreover, Bo roundly discredits the widespread assumption that education or technical skills contribute to upward mobility. In fact, they are inversely correlated—the more time an individual spends getting an education, the less time he spends in the government and the shorter his overall political career (Bo 2002). In other words, the provinces are seen as instruments of a strong central power that has absolute dominance to make decisions and let the provinces implement those decisions, or at best to make their own decisions on a limited scale which do not have any effect on central resolutions.

Due to its fear of localism, the CPC exercised political lateral mobility during the 1990s, wherein the proportion of natives in the provincial leadership throughout the country declined as a result of central efforts to suppress localism, resulting in the frequent transfer of officials among provinces, and between provinces and the central government. Ye Xuanping, son of the late Marshall Ye Jianying, for example, was promoted

to Beijing as a vice chairman of the Chinese National People's Political Consultative Conference from his home province of Guangdong in 1991; the same happened with Ulanhu, a Politburo member from Inner Mongolia (Bo 2002, p. 48).

The pattern described by the aforementioned authors can be clearly seen operating in Hainan. The status upgrade and subsequent expansion of political apparatus did not bring greater political autonomy, the main reason for which can be seen in central control over provincial political mobility. Hainan in particular was touched by Beijing's concerns with localism. Its high officials are often appointees hailing from other provinces or the central government. For example, in 1993, Governor Liu Jianfeng and Party Secretary Deng Hongxun were replaced by Ruan Chongwu, former Minister of Labor and a member of the CPC Central Committee, as governor and party secretary in Hainan. In 1998 he was succeeded in the post of secretary of CPC Hainan committee by Du Qinlin, who had earlier occupied positions in Jilin province and had transferred to Hainan in 1992 (Brødsgaard 2009, p. 25). At the same time, Wang Xiaofeng, who succeeded Ruan Chongwu as governor, was also relocated from his home province of Hunan.

Within a provincial political structure, the top position belongs to the provincial party secretary, followed immediately by the provincial governor, which reflects the dual presence of the CPC and government bodies and the party's supremacy over the executive power at each level of China's political hierarchy (Li and Zhou 2005, p. 1745). Since the establishment of the province, none among its nine party secretaries and eight governors was born in Hainan; all these leaders were transferred in from different parts of the mainland. In other words, it is apparent that the personnel management policies employed by the central government serve to ensure that Hainan, like other provinces, is governed by appointees who are loyal to and follow directives from Beijing.

Fiscal Decentralization and Financial Autonomy

Fiscal decentralization in the 1970s and 1980s provided economic incentives to allow provinces to govern their own local affairs. Current studies demonstrate, however, that in the 1990s Beijing revised its policy from one of decentralization to one of recentralization (Shen et al. 2012, p. 28).

In 2013, the fiscal revenue of the central government accounted for 51 percent of total tax revenues. The central government enjoys a grip on

major profitable taxes, collecting 71 percent of Value Added Tax (VAT), 60 percent of company income tax, and 60 percent of personal income tax, while business tax is collected by local governments. Total central expenditures in 2014 were only 15 percent of overall government spending, with the rest falling to local authorities (*China Statistical Yearbook 2015*). The remainder of central revenues is transferred back to necessitous provinces.

Hainan belongs to the group of non-self-sustaining provinces that, under the revenue-sharing system, receive transfer payments from the central government, and therefore whose financial autonomy is restricted. Since being granted provincial status, Hainan's budget expenditures have grown more rapidly than its revenues, resulting in a growing deficit in public finances; thus, it receives annually negotiated budgetary supplements from the central government as well as special grants. In 2015 provincial expenditures were twice its revenue. Local public revenue was roughly 62.8 billion RMB, while total expenses reached 124.1 billion RMB (*Hainan Provincial Bureau of Statistics 2016*). The budget deficit was covered by central government transfers that amounted to 74.3 billion RMB (*Ministry of Finance of the People's Republic of China 2016*).

Hainan's economy is heavily dependent on central subsidies due to its high public expenditures and quite poor economic performance. In 2014, it was the fourth-smallest economy among China's administrative units by gross regional product (GRP) with 350 billion RMB (0.55 percent of national economy). The GRP per capita, though quite high (at 38,924 RMB), is yet below the national level (46,629 RMB) according to government statistics. The initiative of establishing an SEZ in Hainan has not brought about rapid economic development. Although the Foreign direct investment (FDI) inflow for the last decade has increased five-fold to reach US\$2 billion, in the national context its share has decreased to 0.7 percent (China's provinces—Hainan 2016). The number of foreign-funded enterprises has halved over the last two decades, while foreign trade has steadily increased over the last decade, predominantly through the growth of imports causing a trade deficit of US\$7 billion, according to official statistics. The impact of Hainan as an SEZ on the national economy has not been significant; moreover, the share of Hainan's exports among total exports has dramatically decreased (Brødsgaard 2009, p. 67). In recent years, the share of Hainan's trade in China's trade volume has increased slightly compared with 2008, however, but it so far has not displayed a strong economic performance, comprising just 0.35 percent of national external trade. Main trade partners include countries that are participants of the "One Belt One Road"

project, which represent 48.3 percent of total Hainan trade (China's provinces—Hainan 2016). The recent Silk Road project may be one of the main reasons for the uptick in Hainan's economic performance, by boosting its foreign trade with ASEAN members and other countries. Overall, Hainan's economic situation shows a strong financial dependence on Beijing, and economic achievements appear to be a consequence of Beijing's grand strategy rather than provincial success. In this regard, Hainan is limited in terms of financing its own projects, and accordingly this situation restrains the degree of autonomy enjoyed by Hainan.

HAINAN'S ROLE IN MANAGING THE SCS

In this chapter we analyze three cases of low politics that illustrate the respective role of central and local governments, particularly regarding issues relating to the SCS. Hainan is responsible for providing economic prosperity, developing infrastructure on islands, providing public welfare for its citizens, and protecting its maritime resources within the territory it administers, which covers the SCS islands. Therein, political autonomy is granted to the province to achieve these goals. However, the evidence demonstrates the opposite; this province does not follow local interests but rather performs national tasks designed to strengthen China's sovereignty in the disputed region.

Institutional Reforms

Ambiguity in center-province relations comes from the power distribution among various institutions at the national and local levels. Since the central government began allowing provinces to participate in foreign activities and allocate substantial financial resources in their own interests, a local foreign-affairs management system has been developed, and is managed by the Small Leading Group on Foreign Affairs, headed by either the governor or the provincial party secretary. The other two major bureaucratic bodies dealing with local foreign relations are the provincial Foreign Affairs Office (FAO) and the Foreign Trade and Economic Cooperation Commission (FTEC). The former, under the dual leadership of provincial leaders and the Ministry of Foreign Affairs in Beijing, deals with political affairs at a local level and coordinates overall local foreign relations, while the latter is controlled by local authorities and the PRC Ministry of Commerce. In other words, the FAO and the FTEC both perform as

institutional channels between local elites and the central government, while Small Leading Groups on Foreign Affairs are instituted at the local level and are under local leadership. From an institutional perspective, this structure on the one hand provides greater autonomy and leverage to influence foreign policy, or at least to promote provincial interests at a higher level. During the economic reforms the provinces expanded local bureaucratic apparatuses for pursuing their goals, although the percentage of provincial representation in central committees was higher before the reforms than it was in later periods, and local leaders were more powerful. Moreover, scholars like Zhiyue Bo (2002, p. 23) have reported a political decline of the autonomy of China's provinces during the economic reforms.

With regard to reforming state agencies, the central government endeavors to watch over provincial and local activities since it needs to maintain control over its vast territory. Therefore, the Hainan case illustrates that Beijing creates numerous local offices, delegating only a part of its authority; on the other hand, the central government holds power over those agencies directly and through political nomenclature. Hainan hypothetically has high-level authorities and the resources to implement its own local regulations and patrol the sea. However, in practice it is very limited. For example, even though the SCS is nominally administered by Hainan, the SCS Branch of the State Oceanic Administration, which commands a unified China Coast Guard (CCG), is headquartered in Guangzhou, Guangdong. This means that the naval bases of the South Sea fleet of the People's Liberation Army Navy, though located in Hainan, are under the control of Guangdong province.

In addition, the fishing and maritime regulations issued by Hainan in 2013 come along with the State reforms on civilian maritime bureaucracy at a national level. According to the latter, Beijing enhanced its control over all matters related to maritime and shipping safety; one of the outcomes was that Hainan's authority in these issues was transferred to the Maritime Safety Administration of the People's Republic of China (CMSA) and the CCG, both of which turned out to be under Beijing's direct control. These reforms caused greater perplexity between the central government and the province in terms of patrolling the territory since it involves not only local forces, but central CCG assets and those from other provinces as well (Martinson 2014).

The central government maintains domination over key decisions at the provincial level through domestic institutions and international cooperation

as well. Hainan administration does not participate in such prestigious economic fora as the Boao Forum for Asia, but it appears to perform only as a host and organizer, not an actor. Under the auspices of the Pan-Beibu Gulf economic forum, China pushes for economic cooperation with Southeast Asian states through the participation of Guangxi, Hainan, and Guangdong. The 2016 forum focused on development of the China-Indochina Peninsula economic corridor and cooperation among port cities in China and ASEAN members (Pan-Beibu Gulf 2016). The forum is designed to foster economic interest, especially in such provinces as Guangxi and Hainan with their special SEZ status. In this sense, it is quite surprising that Hainan does not actively participate in this proposal. Rather, its contribution to the forum is not significant, with the larger part of promoting this scheme reliant on Guangxi's Zhuang Autonomous Region (Qi 2016). In the future, it appears that the local government in Guangxi and the central government in Beijing are expected to further promote the Beibu Gulf proposal within the framework of ASEAN+ 1, or ASEAN plus China (Li 2009).

Local Fisheries in the SCS

In spite of policies aimed at decentralization, Beijing tends to keep control over key issues in its own hands, and the SCS is considered one of these issues. In this regard, even such low-politics areas as tourism and fishing are areas where Beijing's influence can be observed.

As of 1 January 2014, new fishing regulations issued by Hainan province went into effect. They stated that all foreigners and foreign fishing vessels were required to ask for special permission to enter the SCS and operate within Hainan's jurisdiction. As many scholars pointed out, the new fishing regulations did not impose new restrictions on foreign fishing vessels, nor did they outline or articulate any new policy position. Rather, they simply repeated China's 2004 fisheries law (Kardon 2014; Fravel 2014). Moreover, these regulations did not mention how the province intended to monitor the presence of foreign fishing vessels, besides Article 35, which stated that they must receive State Council's approval to operate in Hainan's waters (Hainan implementation 2013).

In addition, these rules did not clearly demarcate the boundaries of China's claims, and made no effort to clarify the geographical extent of these regulated waters (Kardon 2014). Moreover, the new regulations, unlike previous revisions, did not explicitly allocate authority or

responsibilities among of the numerous state and provincial bodies that administer the maritime periphery. The same conclusion can be reached in the Regulations for the Management of Coastal Border Security and Public Order in Hainan Province issued in November 2012. These maritime security regulations mostly focus on Chinese vessels, but also regulate foreign ships' passage.³

To summarize, it is apparent that these Hainan fishing and maritime regulations are not innovative: as local laws and regulations, they cannot contradict but only support and explicate existing national laws. Nevertheless, international reaction was very strong in opposition to China's heavy-handedness, with the Philippines, Vietnam, and Taiwan declaring that they would not recognize the rules (Symonds 2014). The United States likewise expressed discontent with the new regulations, characterizing them as undermining stability in the region by stating that "the passing of these restrictions on other countries' fishing activities in disputed portions of the SCS is a provocative and potentially dangerous act" (quoted in Thayer 2014).

International discontent has not been known to discourage China from pursuing its policies, however. In order to protect its own fishermen in these waters, in 2010 Hainan authorities began financing the outfitting of more than 50,000 fishing boats with the Beidou satellite navigation system, so that in case of emergency, fishermen are now able to contact Beijing directly (Ruwitch 2014). Furthermore, the local and central governments have endorsed the maritime militia, whose role in the SCS dispute has recently become evident. Hainan has provided resources such as shipbuilding and fuel subsidies to those involved in pelagic fishing, as well as training in self-defense (Zhen and Chan 2016). In 2013, during a visit to Hainan's Tanmen township, Chinese President Xi Jinping exhorted the local maritime militia "to build larger vessels, collect information in distant waters, master modern equipment, and support 'island and reef' development" (Kennedy and Erickson 2016). The militia units are under dual-leadership control; local military bodies, such as People's Armed Forces Departments and Provincial Military Districts, and their government/party counterparts, which are determined to cooperate closely for "fund[ing] and promot[ing] local counties to organize and recruit maritime militias, largely for the express purpose of protecting China's sovereignty and maritime interests in the SCS" (Erickson and Kennedy 2015).

China's endeavors to strengthen its capabilities in the disputed waters, and more particularly those of Hainan, follows Beijing's directives by

issuing local measures and supporting the local militia to further protect the administered areas (Kwok 2014). Although such measures have stirred up suspicions and strong reactions in neighboring countries, China is demonstrating its willingness and ability to solidify its authority over the claimed territories. Hainan, as an integral part of China's territory, helps in fortifying Beijing's foreign policy toward the SCS.⁴

Sansha City-Building

When it was established in 2012 on Woody Island in the disputed Parcel Islands, Sansha city became the newest city in China, with a population of around 1000 people. It differs considerably from other prefecture-level cities in terms of population and local-budget revenue. First and foremost, Sansha does not fulfill the legal requirements for registration as a city: according to China's political system, a prefecture-level city must have "a non-farming population of more than a quarter of a million ... and an industrial production value [that] exceeds 2 billion yuan [RMB]" (VI. The Local Administrative System). There is no objective explanation for creating a prefecture-level city in the Paracels besides the one that was stated by the mayor of the city, Xiao Jie: that the establishment of Sansha and the subsequent formation of the military garrison there was a decision that the Party and the government of China took in order to protect what they perceive as their sovereign rights, as well as to bolster their claims to the natural resources known to exist in the vicinity (Miller 2013). In other words, this move was mostly dictated by Beijing's ambitions to enhance its claims over the disputed areas, and Hainan just provided assistance in implementing this policy. Next, the required investment in the new city was carried by the central government; in 2012 Beijing announced an investment of 10 billion RMB (US\$1.6 billion) in infrastructure in those areas (China to Invest 2012).

The upgrade to a prefecture-level city allows Hainan to delegate some authority to the new city with respect to infrastructure building and creating the military garrison, which can be responsible for managing the militia and reserve forces and overseeing military training. Furthermore, the new city diverts the levels of decision-making with respect to the disputed islands. As Chinese newspapers characterized it, "[t]he establishment of Sansha also symbolizes that China has become more active, determined, and systematic in how it protects its sovereignty in the South China Sea region via more comprehensive, flexible, and practical methods" (Gang

2013). It is apparent that Beijing plays a significant role in building and developing Sansha; many infrastructure projects, like a filling station and accompanying storage tank, in these islands are controlled by the central government (China's Sinopec building 2015), and Sansha projects itself as Beijing's project for better management of the vast territory of the SCS.

Tourism Development

Tourism has often been considered an area of low politics, where the central government pays little attention and mostly lets local authorities manage issues. Nevertheless, Beijing is providing enormous investment into building infrastructure and developing transportation in Hainan. Promoting tourism on the Paracels has been on the Chinese government's agenda for years (Tharoor 2010).

In 2013, Hainan began sea tours to China's newest city, Sansha, and the disputed Paracel Islands.⁵ The debut cruise took place in late April 2013, and most of the passengers were civil servants from various government bodies in Hainan province (Luo 2013). Since launching the first cruise, the total amount of travelers to visit those islands reached 10,000 in May 2016 (Peng and Chang 2014). During the four-day trip, visitors are allowed to explore three of the non-military islands and required to take an oath in front of the Chinese flag (Zhen 2016). Patriotic tourism has become very common in the region. "As a Chinese, we feel proud to come here and declare sovereignty," one tourist was quoted as saying (Peng and Chang 2014). In other words, opening the disputed islands to tourism assists in forming favorable public opinion among citizens.

As can be observed, the first infrastructure investment approved by Beijing was for building "airports, ports, piers and other important infrastructure, as well as law enforcement vessels, supply ships" (China to Invest 2012). Local authorities also invest in ports and docks on non-military islands, and despite the natural advantages of these islands, so far they have been able to attract tourists for patriotic tours. According to Liu Shibiao, an agent at Hainan Tourism International Travel Agency in Haikou, for greater development of tourism in the Paracels or Spratlys there is a "need [of] approval from the government and, more so, the military" (Perlez and Huang 2016). Therefore, even though it is very beneficial for the local authorities to attract more tourism, they would invest in dual-use infrastructure that can be used by fishermen, militia, and military units for guarding the disputed area. In addition, the type of tourism developed in

the Paracel Islands, and in the future to the Spratlys, has become an instrument to fortify the State's sovereignty claims. Beijing watches over public opinion in China, and in order to do so, it keeps an eye on Hainan authorities to make sure they follow the central government's policies.

CONCLUSION

China's partial transparency and intricate political system, where the Communist party structure is intertwined with the governmental apparatus, arouses many debates and misunderstandings regarding China's behavior in the international arena. Therefore, this chapter is aimed at explaining the role of Chinese provinces in international affairs by using the example of Hainan province in the SCS. Evidence from a range of areas leads to the following conclusions.

Beijing has maintained tight control over Chinese provinces, especially over such remote areas as Hainan. Moreover, there is little evidence that economic reforms have loosened the central government's control. As the Hainan case illustrates, Beijing maintains its grip over personnel management by appointing and transferring political cadres, including high-ranking officials, from province to province, at each level of the political structure. Thus, the national government exercises authority through a network of officials who are kept highly dependent upon the central government.

As can be observed, the difference between low politics and high politics is quite ambiguous in China; it mainly depends on the priorities and interests of the central government. Low-politics issues such as fishing, infrastructure, and tourism have become high-priority ones, since they are seen to be related to national security and sovereignty, and in this regard the SCS case is an ideal example with which to study this phenomenon. Therefore, the difference between these theoretical terms is obscure. Keohane and Nye, for example, come to the conclusion that with an increasing level of interdependence between states the division between 'low politics' and 'high politics' disappears, the foreign policy agenda is no longer dominated by military security (Keohane and Nye 1989, pp. 24–27). Furthermore, 'low politics' and 'high politics' frequently overlap at the domestic level today, possibly because traditional definitions are outdated and require revision.

This research has found that Hainan province is undoubtedly at the forefront of defending China's maritime claims; it also plays a role as a

platform and instrument of Beijing's SCS policy. The more important the region is, the less autonomy the province enjoys, and the greater control the central government exercises. Through dual-leadership administration, financial subsidies, and other means, Beijing enjoys dominance over decision-making in Hainan.

Finally, with respect to the SCS, Hainan authorities do not have enough autonomy to pursue their own goals. The shadow of high politics and of Beijing's iron hand is cast over the low-politics issues that could otherwise ostensibly be managed by Hainan. One explanation may be that the province plays an instrumental role for the central government to enhance sovereignty claims over the disputed territory and legitimize Chinese activities in the region. In other words, Haikou's actions go along with Beijing's directives and are under its tight control. Therefore, Hainan's local activities can only be considered a part of China's policy toward the SCS. Haikou does not participate in making foreign policy, but rather is an instrument of its implementation. On the other hand, China may exercise tight control over other provinces as well, and therefore it carries out certain policies for maintaining the Communist leadership's power over the country's vast—and in the case of the SCS, growing—territory.

NOTES

1. This presents one of the theoretical approaches in the IR literature; besides realism, there are liberalist and constructivist visions of the international system that may differ from the one presented in this chapter.
2. According to the 1982 Constitution and the 1988 Decision of the National People's Congress on the Establishment of Hainan Province, Haikou became an administrative center of the last established Chinese province (Hainan) and obtained control over Hainan Island and the islets, reefs, and sea areas of Paracel (Xisha), Spratly (Nansha) Islands, and the Macclesfield Bank (Zhongsha) (Decision of the National People's Congress on the Establishment of Hainan Province of 1988, § 2).
3. The regulations in Chinese are posted on the Hinews website: see Hainan Coastal Border Security Regulations (2012). A more detailed analysis is provided by Fravel (2013).
4. Also through the analysis of linguistic differences, US scholars have come to the conclusion that Hainan actively endeavors to enforce China's maritime claims in the SCS. See Murray and Hsu (2014).
5. See Chap. 3 for an in-depth analysis (Rowen 2017).

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Tier 2 Diplomacy: Local Government Cooperation amid Tensions in the South China Sea

Mark Henderson

INTRODUCTION

As the potential impact on local governments of the rising tensions in the South China Sea (SCS) grows, national governments will have to come to terms with the damage that these conflicts inflict upon local economic vitality through the decline of indicators such as (1) foreign direct investment (FDI) attracted by local incentive packages, (2) student exchanges, (3) international trade tied to local exporters and businesses, and (4) tourism to local-level attractions, museums, and shopping. These issues, while not traced directly from locality to locality, can serve as a general indicator of what this research aims to use as a proxy for local interest and cooperation, as regards how such public goods undergo negotiation and are delivered at the local level (Brookings Institution 2017). This chapter attempts not only to shed light on a commonly overlooked segment of exchanges in the SCS, but also to identify the implications of national policy on local

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in
the South China Sea*, Critical Studies of the Asia-Pacific,
https://doi.org/10.1007/978-3-319-62828-8_5

leaders as they seek conflict prevention techniques that may aid in lobbying for diplomatic solutions to territorial disputes in the region.

An initial look into the potential viability of local governments as peace advocates in the SCS region is conducted in three steps. First, a literature review is conducted on existing research in the area of municipal and provincial international cooperation in several areas, including trade flows, joint investment, FDI, twinning, bilateral official visits, cultural and educational exchange, and tourism. Second, the current state of affairs between China and other claimant nations of the SCS is described in terms of the variables mentioned in this section. The research subjects are claimant nations with a stake in the conflicts currently taking place in the SCS, to wit China, Vietnam, Malaysia, the Philippines, and Brunei. A mixture of local- and national-level statistics is used to paint a general picture of trends in levels of exchange during increased maritime tensions, which can be used to inspire future research. This chapter concludes with a discussion of the possible justifications for a new paradigm of research in local policy, not just in the SCS, but with all regional conflicts.

A final conclusion that may be drawn is that not only has territorial and maritime conflict had no negative effect on the indicators of provincial and municipal cooperation (FDI, student exchange, tourism, and trade), but that the level of cooperation will actually have increased over the last 10 years, especially between China and its counterparts in other nations involved in the disputes.

LOCAL DIPLOMACY AND CONFLICT PREVENTION

In order to pursue an understanding of the role of local governments in the resolution or deterrence of the current conflict within the region of the SCS, two goals must be accomplished: (1) to describe the current understanding of international relations as carried out by local governments and under what institutional framework they currently operate; and (2) to review the existing literature on the role of those local governments in situations of bilateral and multilateral national-level conflict, focusing specifically on the various initiatives currently being undertaken at the international level. All of these efforts illuminate the growing role of local governments, not only in creating bonds between national communities but also their place in creating economic ties that could deter national leaders from perpetuating conflict, while serving as a bargaining chip when lobbying for peaceful resolution with their respective national governments.

A Description of Local Diplomacy

There are several categories of actors that are new to the diplomatic scene, all of which are given their right to participate by a simultaneous retreat by the State from a monopoly of power in the field of international diplomacy and an expanding field for secondary actors. Based on the existing institutions, actors, and dynamics that govern local governmental international relations, the categories are (1) local governments, (2) domestic institutions, and (3) international and regional institutions. Each of these actors has a role to play in shaping how local governments act and what tasks they undertake, making the institutional landscape highly variant.

Local Governments

Perhaps the most important actors that participate in creating the institutional norms around local government involvement in international relations are those who are carrying out the policies themselves. These local, state, provincial, and municipal governments are the ones that have created the need to look further into this sub-section of the larger paradigm of international relations. The graphic below shows some of the various roles currently performed by each entity (Fig. 5.1).

Municipalities

The first domestic actors are the municipal or county governments. These are set aside from their larger counterparts at the State and provincial level in different ways, depending on which country is being examined. Taking the United States as an example, city governments have great leeway to create various ways to pursue their goals in each one of the shared powers listed above, primarily with the two goals of attracting inbound investment and business partners from abroad, while competing with domestic peers (i.e., other municipalities). In places like China, however, they can be seen as an extension of the national government, with considerably less autonomy (Chen 2005).

Provinces

Provincial- and state-level interactions receive little support from institutions that look specifically into local governance and their actions in the international sphere, but they are by no means less active. Provincial and State leaders tend to be more focused inwardly while their policies on land use, tax incentives, and enhanced decision-making power make them



Fig. 5.1 National versus local roles in international relations

important negotiators when striking a deal. Although these larger governmental entities have a bigger budget and certainly more freedom of movement in terms of policy creation, they are much less active in twinning activities at this level, and enjoy the support of very few organizations that specifically focus on facilitating international bilateral exchanges (Antholis 2013).

Domestic Institutions

Alongside these actors, there are several groups creating an institutional cohesion that is tempered by the specific domestic environment—specifically, those institutions that concern themselves solely with a certain region or even an individual actor. Here, the line is not always clear on who is more significantly affecting the dynamics of local governors in the international sphere, and their contributions vary significantly based on their areas of interest. Since the five primary aspects of international exchange and policy are tourism, education, investment, trade, and economic development, this research will categorize each domestic institution according

to its contribution in each of these five aspects. These domestic institutions are categorized as follows:

1. National Twinning Institutions: This category refers to the governing or legitimizing body for international twinning efforts within a specific country (Council of Local Authorities for International Relations 2014).
2. Ethnic Organizations and Membership-Based Interest Groups: These are less formal bodies and tend to consist of expatriate or immigrant communities that have specific interests with their country of origin.
3. Chambers of Commerce: This category also serves as a proxy for local business interests, based on the consistency of their membership.
4. Education Institutions: This is not an exclusively higher-education group, and can often involve high school and middle schools with a particularly internationally focused curriculum.
5. Non-Profit Organizations: This group is a catch-all for the rest of the actors outside government and business that have formal recognition as a cohesive group with a set of specific interests.

In order to organize their roles in the institutional formation and maintenance of municipal international relations, Table 5.1 visually captures their areas of participation.

Table 5.1 Roles of domestic institutions in international relations

	Active Role	Passive Role	Economic Development	Trade	Foreign Direct Investment	Tourism	Education	Culture
Local Governments	✓		✓	✓	✓	✓	✓	✓
Twinning Institutions		✓	✓	✓	✓	✓	✓	
Ethnic Organizations	✓							✓
Chambers of Commerce	✓		✓	✓	✓			
Education Institutions	✓						✓	
Non-Profit Organizations	✓						✓	✓

International Institutions

The final category of actors exists outside of and independent from the domestic national focus. They generally take two forms, the first being (1) international broad-based institutions that attempt to influence policy and assist in local government access to information and practices to achieve their goals generally. Examples include the Global Forum and United Cities and Local Governments. The other form is (2) regionally based institutions that have more specific goals, which they have chosen to tackle primarily through local government action internationally, such as the Municipal Alliance for Peace (The Global Network of Cities 2014). Their goals typically encompass the following: (1) link local communities to international tools to expand capacity, (2) develop guidelines to monitor international business practices, (3) focus on democratization as well as ethnic, minority, and gender equality, (4) empower youth by expanding opportunities for involvement, (5) develop best practices for urban development and public administration, and (6) provide a shared forum for topics like urban mobility and immigration.

Local Conflict Prevention: What Can They Do?

Now that a foundation has been laid for research into municipal and provincial cooperation, efforts can be refocused to more specifically relate to those local entities in the SCS. Existing research on the topic is examined, both in terms of how to measure and assign weight to international cooperation locally, and also more specifically on the potential for local governments to indirectly drive national governments away from a trajectory of armed conflict.

There is an extensive body of research currently being conducted on the effect of local, municipal, and provincial government policy on domestic conflict prevention. These programs have been especially active in areas like the Balkans, Central Asia, The Middle East, Africa, and even in Southeast Asia. Organizations like France's Agency for Technical Cooperation and Development focus on certain aspects of the millennium development goals (initially proposed by the United Nations) in order to meet these challenges head on, at times by training local officials in what they can do to prevent outbreaks of violence in their communities. However, research focused on these phenomena is not specifically helpful as it cannot be extrapolated and applied to international diplomatic efforts (ACTED 2014).

A continued look into conflict prevention can be organized according to the variables below, each of which enjoys the contribution of separate research pursued by authors examining this phenomenon from different angles. Their thoughts can be reorganized into the following cohesive set of factors: (1) legitimacy, (2) leadership, (3) partnerships, (4) trust, and (5) knowledge.

Legitimacy

Papisca (2008, p. 27) discusses the methods by which cities obtain legitimacy to act internationally. In his research he sums up the two sources of that legitimacy. Put simply, they are (1) their responsibility to protect and (2) their participation in the global governance of human development and security. Zhimin et al. (2010) discuss the Chinese model of provincial involvement in international relations as having expanded since the 1970s, particularly in the economic sphere, specifically gaining legitimacy from the central government as an additional arm with which to influence economic interaction with foreign countries, especially in Africa. In the Chinese case, this supports the claims of recentralization by authors like Bo Zhiyue (2002) who perceive that Beijing is not moving toward decentralization. This is confirmed by the central government's continued control in China over the appointment of local leaders.¹ This analysis is supported by Chen, who posits that freedom of action by provinces in the economic sphere does not threaten recentralization if that action is viewed as an extension of central policy. This seems to indicate that economic exchange is most important in terms of local governments steering their national governments away from conflict, due to both the importance placed on it and the freedom of action that local governments are given to carry it out (Bo 2002).

Leadership

Klem (2008) emphasizes the importance of local leadership in setting an aggressive (and at times, dangerous) agenda in combating conflict between ethnic communities. He cites a case study by Hemert (2008) that focuses on Israeli-Palestinian local leaders and their efforts to prevent outbreaks of violence. Not only should leadership be proactive and dedicated, but their commitment to the issue is crucial in preventing international conflict from a grassroots level. Musch and Sizoo (2008) discuss specific leadership initiatives that local officials can implement to pursue successful

diplomatic programs. They do so through their examination of one program created in Japan after World War II: Mayors for Peace, whose projects included the Cities Are Not Targets initiative. According to Dabo et al. (2010), the two most important programs from this perspective are (1) social cohesion, by which local leaders should be committed to creating an environment that can minimize the effects of antagonistic groups (religious, nationalistic, exclusionary) where conflict can often be incited externally, and (2) intervention activities, such as lobbying, projects, and dialogue activities aimed at pacifying reactionary or hostile local communities with ties to external conflicts.

Partnerships

Dion van den Berg (2008, p. 88) describes partnerships as being central to the process of conflict prevention and the attainment of goals aimed at international peace. These partnerships with central governments, international organizations, and other municipalities and provinces can not only serve as an international network by which efforts can be spread but also as a proxy for backing their initiatives. Likewise, in their studies of the experiences of Columbia and Croatia, Ramos and Moor (2008) and Klem (2008) respectively emphasize that the strength of the partnership—and therefore the potential for success in the peace process—is tempered by the backing of civil society, through which interests can be channeled from their origin. Kim (2008) discusses further the role of partnerships in terms of shared economic goals, emphasizing frontier trade, general trade, and joint investment, especially in the areas of energy, labor mobility, and tourism with regard to the provinces that link North Korea, China, and Siberian Russia. Here he discusses both the willingness of local governments to cooperate where national governments are wary, while at the same time pointing out a negative effect that provincial leadership can bring to the table: namely, the demographic challenges in Siberia and northeastern Chinese provinces (Kim 2008).

Trust

Klem and Frerks (2008) emphasize the cause of conflict as stemming from a broken social contract between the government and the people, in terms of prosperous development and human security. They go on to extrapolate that idea in a positive light to emphasize the strength of the social contract as being a successful deterrent for the outbreak of such

conflict. Therefore, local governments that can successfully gain the trust of their constituencies through rigorous development, economic health, and a livable environment can therefore encourage their citizens to avoid future conflicts.

Knowledge

Bush (2008) also emphasizes the importance of local governments in supplying national governments with information on the specifics and intricacies of a conflict. In addition to their intimate knowledge of the conflict, they can also most successfully implement the policies that are meant to alleviate them, especially in situations like those that involve large numbers of refugees.

THE SOUTH CHINA SEA: SIGNS OF HOPE

The next logical step is to take a sample of the relevant indicators of municipal cooperation (FDI, tourism, student exchange, and bilateral trade) as mentioned in the Introduction, to ascertain the relevance of this study within the context of the SCS conflicts. The remaining section of this chapter will attempt to look into those types of interactions and measure their levels (of increasing or decreasing value) between the subjects of this research (Vietnam, Malaysia, the Philippines, and Brunei). This initial snapshot of exchanges in the areas of trade, foreign investment, tourism, and student exchange can help to identify their overall trends and determine the value of further investigation into the reasons for their increase or decrease, based on the variables indicated as relevant in the section above. The logic behind looking at the overall trends is that a birds-eye view will reveal either cooperation or alienation, which can point to new directions for further investigation into specific local government policies which may be creating those trends from increased legitimacy, leadership, partnership, trust, and knowledge.

This section focuses on one variable per nation to save time and simplify the data, so that the trends can be immediately visible. The variables will be separated as follows: Trade Flow – Brunei/China; Foreign Investment – Malaysia/China; Tourism – Philippines/China; Student Exchange – Vietnam/China. The data will naturally follow a bilateral dynamic, as the multilateral numbers will not be important to observe, since the SCS tensions are primarily characterized as China being in bilateral conflict with the subject nations, and not those nations with each other.

Trade: Bilateral Trends Between Brunei and China

The first subject, Brunei, was measured in terms of bilateral trade, or both imports and exports with China. To this end, Chinese statistics on two-way trade from 2000 to 2012 were utilized. As Table 4 indicates, the conflicting claims between China and Brunei have not had a negative effect on trade flow—in fact, Chinese exports to Brunei have increased dramatically since the conflict began (with an average annual increase of 39 percent). In this case, the governments and businesses in Brunei have actually become more receptive to imported Chinese products. The continued importance placed on economic vitality in communities and the nation at large both justify the claim that economic cooperation can serve as a counterbalance to hostile confrontation. Figure 5.2 below gives a visual representation of the development of bilateral trade flows in the last 12 years (National Bureau of Statistics of China 2014).

Investment: Malaysian FDI Trends in China

The next subject, Malaysia, was measured according to the frequency and levels of investment by Malaysian businesses in China from 2000 to 2012. This is perhaps the weakest case of cooperation among the selected variables and case subjects. However, despite the absence of a substantial increase

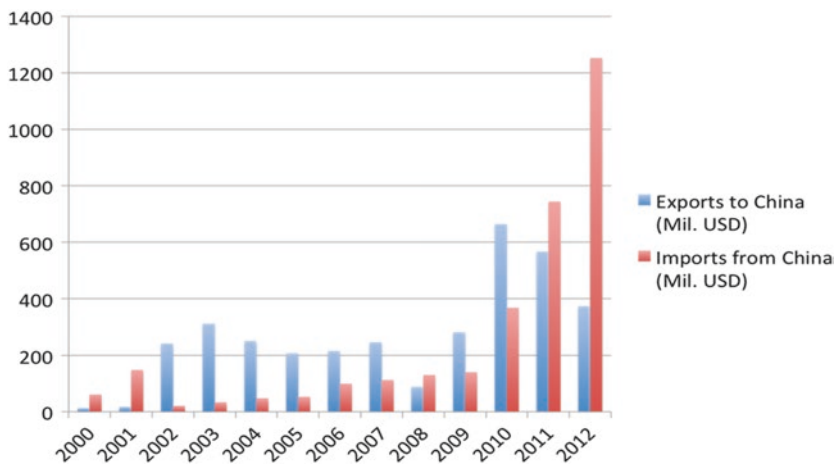


Fig. 5.2 Bilateral trade flow between China and Brunei

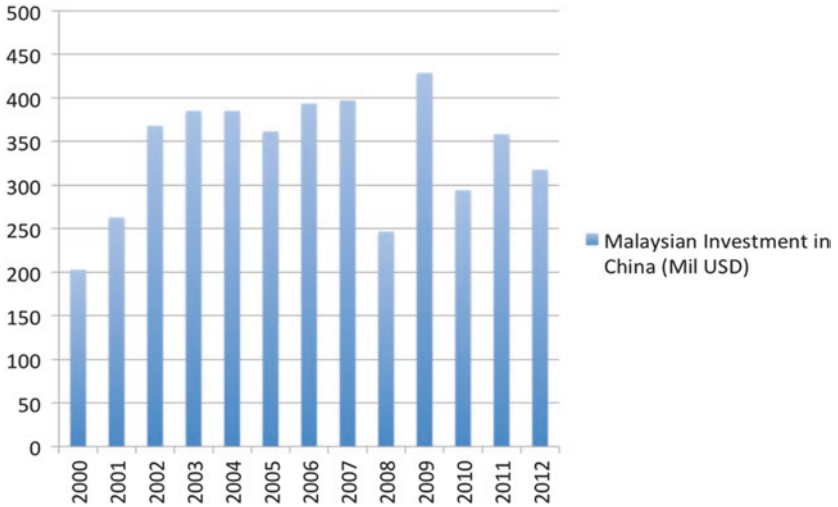


Fig. 5.3 Foreign direct investment between China and Malaysia

(they show an average annual increase of just 8 percent), there is also no sign of drastic decreases in investment numbers leading up to and during the raising of tensions surrounding the SCS maritime disputes. Investment as a form of economic cooperation is extremely fickle, and very difficult to pin down in terms of causation. The absence of negative correlation in this case justifies a prescription for a deeper look into the efforts of non-federal interaction (National Bureau of Statistics of China 2014) (Fig. 5.3).

Tourism: Bilateral Visitors Between the Philippines and China

The next subject, the Philippines, was measured according to the levels of bilateral tourism between China and the Philippines from 2000 to 2013. Due to the sparse availability of data, a complete picture of such exchange over the last 13 years was unattainable. However, despite the incomplete data, a substantial positive trend is clearly visible (at an average annual increase of 9 percent). While the exchange is more or less one sided—heavy on the Filipino visitors to China—Chinese tourist numbers to the Philippines can reasonably be anticipated to increase with the growing numbers of Chinese citizens wielding disposable income, as well as with the closer ties that have developed between Manila and Beijing since the election of

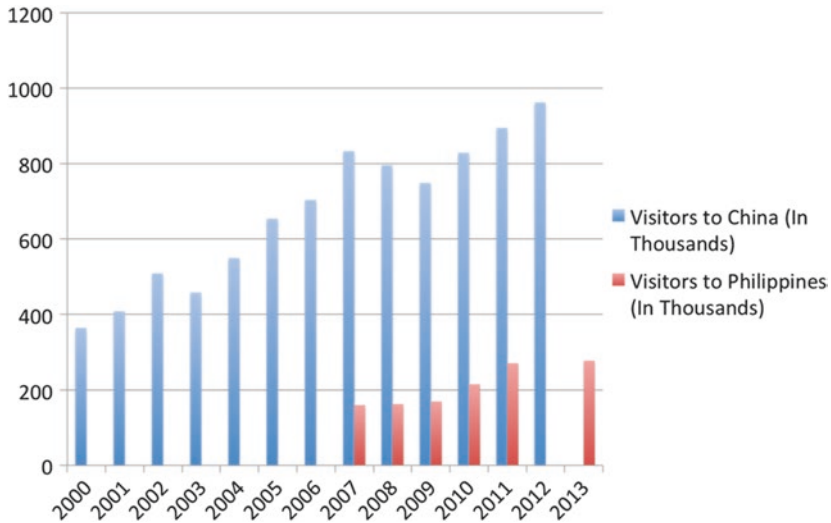


Fig. 5.4 Tourism between China and the Philippines

Philippines President Rodrigo Duterte. Tourism represents a substantial opportunity to study local government policy in international relations, due to the nature of tourism as an industry.² Typically, tourism promotion is a fiercely competitive industry, supported by local governments either directly or through subsidies and tax breaks for those institutions undertaking its promotion, and therefore can be a high-yield variable in identifying local international cooperation efforts (Travel China Guide 2014) (Fig. 5.4).

Education: Student Exchanges Between Vietnam and China

The final subject, Vietnam, was measured according to the level of international student exchanges with China from 2000 to 2012. This final variable completes the justification for a further look into the role that local governments play in international diplomacy (with an average annual increase of 21 percent). Although student exchanges are driven by many forces, including national prestige, individual university efforts, and of course municipal efforts in the recruitment of students, the trend still indicates a willingness for the two civil societies to continue such exchanges. Again, the trend follows a policy tendency toward economic vitality in local communities (Fig. 5.5).

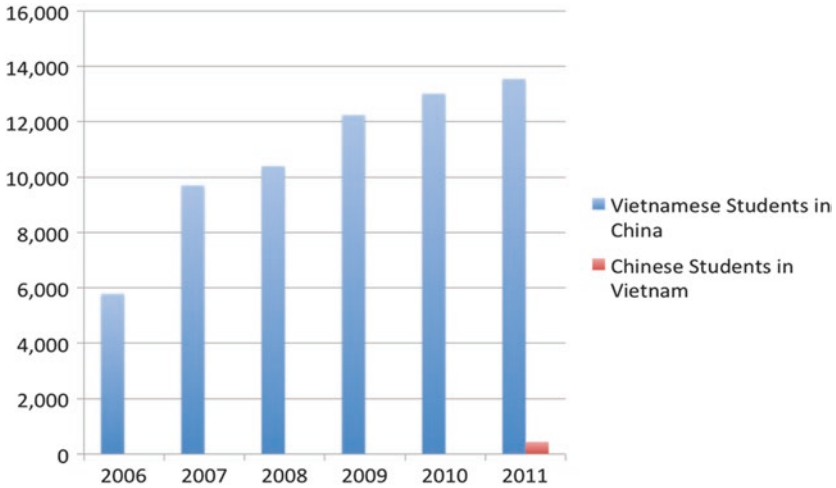


Fig. 5.5 Educational exchanges between China and Vietnam

CONCLUSION

This research has left us with three major contributions to the institutional analysis of local governmental roles in international diplomacy, all of which are of ever increasing importance in a world characterized by globalization and an increasing number of actors on the international stage.

First, a description is provided of the institutional actors associated with carrying out international initiatives and setting up the rules and common practices of municipalities and provincial or state governments in their efforts abroad. The actors are separated into the three following categories: (1) local governments, (2) domestic institutions, and (3) international institutions. All of these actors play a significant role in creating and maintaining the institutional framework of local diplomacy, each one with its own set of unique interests (which are often in opposition to that of their national governments).

Second, a literature review was conducted on the role of local governments in the pursuit of international conflict prevention. Looking deeply into the theoretical contributions to this line of inquiry, limited though they are, leads to the formulation of a future research template for those seeking to examine the SCS conflicts and others. There are five relevant variables: (1) legitimacy, (2) leadership, (3) partnership, (4) trust, and

(5) knowledge. A more detailed look into the cause of increasing cooperation in the SCS, despite national conflict, generally should be focused on how local governments have contributed to the trend in these five major areas. It can be expected that certain policies being carried out have built up diplomatic efforts at the grassroots level for these exchanges to be possible, and may have contributed to domestic intergovernmental relationships, which can be utilized when lobbying for a peaceful resolution to issues which could damage local economic vitality, as well as those hard-earned relationships. This analysis provides a direction for future research both in terms of where to look and how to view the findings.

Lastly, this research has glimpsed the conflicts in the SCS by looking at four of the claimant nations—Brunei, Malaysia, the Philippines, and Vietnam—and how they interact at non-Track-I levels with their common adversary in these conflicts: China. An examination was made into cooperation levels along the lines of exchanges that are commonly undertaken by local governments, including (1) trade flows, (2) FDI, (3) tourism, and (4) student exchanges. The overall trends provide the reader with a more general picture, which in the end reveals increasing levels of cooperation. Those findings can be extrapolated to conclude that the collective local interaction has also increased along similar lines due to successful policy implementation and grassroots local diplomacy through the institutions described in section “[Local Diplomacy and Conflict Prevention](#)”. This section justifies future research specifically into the conflicts in the SCS, where the role of local governments has been all but ignored by existing research.

The ever-expanding role of municipal and provincial governments necessitates an analytical framework through which one may weigh the effectiveness of diplomatic and economic policies. The goal of this research is to provide that framework for two purposes: (1) to generally provide a guideline to assess the role of local governments in conflict prevention and (2) to inspire a deeper look into the SCS conflicts that prioritize the role of local governments in resolving national disputes.

NOTES

1. See Chap. 4 for an in-depth analysis with particular regard to China’s Hainan province (Daksueva and Lin 2017).
2. See Chap. 3 for an in-depth analysis (Rowen 2017).

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PART IV

People

Disaster Management in the South China Sea: A Chance for Peace and Cooperation

Gregory Coutaz

INTRODUCTION

The present chapter proposes to look at the tense situation in the South China Sea (SCS) from the perspective of disaster management. Natural disasters bring despair and desolation, and cause loss of life and property damage. The cumulative effect of natural disasters threatens national and global security. All the parties concerned in the SCS dispute are vulnerable to natural disasters and their consequences. This chapter suggests that cooperative efforts in the field of disaster management in the SCS are important not only because they can mitigate the damage caused by natural disasters but also because they can serve as a positive example of successful regional cooperation, which may encourage potential enemies to move forward and later consider cooperating on more difficult issues, such as the common exploitation of natural resources or the support of maritime law enforcement in contested areas. Its main aim is to assess whether engagement in disaster management can help contribute to reducing the risk of armed conflict that could arise from the long-standing tensions in the SCS over territorial sovereignty. This chapter is organized as follows.

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in the South China Sea*, Critical Studies of the Asia-Pacific,

https://doi.org/10.1007/978-3-319-62828-8_6

The first section highlights the risks associated with natural disasters and introduces the need to rethink the traditional perception of security. The second section discusses regional engagement and the possibility of establishing confidence-building measures (CBMs) through the mechanism of disaster management. The third section examines China's position and its contribution to disaster management. The focus on China is to be explained by the central role it plays in the disputes and the potential influence it has on the future fate of the SCS.

NATURAL DISASTERS AS SECURITY THREATS

Natural disasters happen all over the world, causing calamitous damage for populations and the environments in which they live. Storms, floods, landslides, droughts, epidemics, and earthquakes are responsible for tens of thousands of deaths and tens of billions of dollars' worth of losses every year. The current figures from the World Bank, the United Nations Office for Disaster Risk Reduction, the Center for Research on Epidemiology, and the International Federation of Red Cross and Red Crescent Societies show that mortality has been fairly consistent, while the number of recognized catastrophic events and the size of the economic losses have rapidly increased. There were twice as many natural disasters between 2001 and 2010 (3496) compared to the number between 1981 and 1990 (1534). In the 1980s, inflation-adjusted costs of natural disasters were on average about US\$25 billion and escalated to US\$95 billion per year in the 1990s. In the last decade, economic losses reached an annual average of US\$130 billion (Swiss Re 2012). The total number and costs of natural disasters may differ from one source to another, mainly due to divergent definitions of "disaster," but all sources arrive at the same inevitable conclusions: (1) The number of natural disasters and their attendant losses have significantly increased in recent years, and (2) this upward trend is likely to continue into the near future.

Asia has a high propensity for natural disasters. In recent years, a succession of catastrophic events has wreaked havoc across the continent, killing people, destroying homes and livelihoods, and leaving economies in distress. Asia occupies 30 percent of the world's land mass, but 40 percent of the world's disasters occurred in the region in the past decade, resulting in a disproportionate 80 percent of the world's disaster-related deaths (Guha-Sapir et al. 2014). With the exception of Brunei, the different parties involved in the territorial disputes over the waters and islands of the SCS

have all experienced the adverse effects of natural disasters. For the period 2001–2014, natural disasters claimed approximately 140,000 lives and resulted in economic losses of US\$335 billion in these five countries: China, Taiwan, the Philippines, Vietnam, and Malaysia. While earthquakes have been responsible for some of the worst disasters in China and Taiwan, it is tropical storms (typhoons) accompanied by heavy rainfall and strong winds that produced the most damage in the region. Several typhoons make landfall in the littoral states of the SCS each year. The 2009 typhoons Morakot (China, Taiwan) and Ketsana (the Philippines, Vietnam), and the 2013 typhoon Haiyan (China, Taiwan, the Philippines, Vietnam) are just a few examples among many.

The extensive impacts of these events are inflicting more harm to a greater number of people than conventional armed conflicts (Caballero-Anthony and Cook 2013). The consequence of this evolution is that natural disasters are challenging the traditional perception of security threats. Despite the occurrence of repeated catastrophes, much of the discourse on national security focuses on threats emerging from interstate wars and violent confrontations with terrorist groups (Hobson et al. 2014). Natural disasters tend to be overlooked by this agenda, even though the *Human Development Report* (UNDP 1994) and the Commission on Human Security (2003) explicitly identified them as a threat to national and global security. Within Asia, the discourse on national security remains influenced by the long-established realist paradigm of international politics, stressing the importance of safeguarding the nation's core interests and preserving the sovereignty and territorial integrity of the state. These principles are present in the claims of all parties concerned in the SCS dispute. Natural disasters initiate new security threats and require a necessary rethinking of what constitutes national security. Actions and practices taken to respond to traditional security threats cannot solve the interrelated and much more pluralistic challenges posed by natural disasters. There is little doubt that governments and national security agencies will have to develop the requisite resources and competencies to counter them. This begins with the expansion and intensification of disaster preparedness and the enhancement in operational capacity. It also calls for pragmatic exchanges and cooperation from a range of other national and regional actors, including civil organizations and armed forces.

The most troubling scenarios associated with natural disasters imply those with a cumulative effect on major essentials such as food, water, land, medicine, and subsistence income (Tipson 2013). Catastrophic events in

food-producing regions could have dramatic repercussions. When a natural disaster strikes, it has a direct impact on farmers, fishermen, and forest-dependent communities. The agricultural sectors are most vulnerable to natural disasters. Price hikes and food shortages have the potential to create social and political unrest. In the aftermath of Typhoon Haiyan (known as Typhoon Yolanda in the Philippines), which was one of the most powerful typhoons ever recorded, there were reports in the Philippines of food convoys and warehouses being sacked by armed gangs, as well as by desperately hungry people (Worse Than Hell 2013). The lack of water represents another source of potential instability: Recent intelligence analyses suggest that countries are unlikely to go to war over water, but the process of resolving disputes over water scarcity has proven to be extremely difficult.¹ The conflict over the Brahmaputra River is a case in point, as it has poisoned relations between China and India since Beijing made the unilateral decision to build one of the world's biggest hydroelectric dams on a river that accounts for nearly 30 percent of the total water resources and about 40 percent of the total hydropower potential of India (Zhang 2016).² The lack of capacity to secure natural resources such as food and water not only increases the risk of struggle and protest, but also forces a large number of people to move from affected areas to urban centers. In China alone, it is estimated that at least 30–40 million people will be displaced by environmental degradation by 2025 (Renner 1997). Disaster-induced migration imposes additional pressure on urbanization, leading megacities to experience a series of security problems stemming from the concentration of a huge population in a given territory. Sanitation and health problems, unemployment, and poverty pose challenges to the prosperity and stability of megacities. Criminal organizations proliferate in uninhabitable slums, where they find favorable conditions for the recruitment of new members and the development of their activities. Thus, natural disasters become serious threat multipliers. They include the occurrence of unexpected and possibly disruptive events, as well as conjunctions of events taking place simultaneously or in sequence.

The insecurities that come into play with natural disasters are found in Asia. The littoral states of the SCS are comprised mostly of developing economies with important agricultural sectors. Many of these states have seen the migration of people deprived of their traditional means of livelihood, seeking better fortune in growing cities. Asia remains principally rural with 48 percent of its population living in urban centers, but by 2050 the continent is projected to become 64 percent urban (UN 2014). The

situation is expected to get worse in the near future with the augmentation in frequency and severity of natural disasters due to climate change. The climate is constantly changing—cooling and warming periodically. However, the Intergovernmental Panel on Climate Change (IPCC) posits that “since 1950, the warming of the climate system is unequivocal and many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, and sea level has risen” (IPCC Synthesis Report 2014). The effects of climate change are felt worldwide, but they are especially keen in Asia. Typhoons, which are the most common natural disasters on the continent, are expected to increase in number and intensity as the upper layers of the oceans get warmer. Super typhoons such as Typhoon Haiyan will be 14 percent stronger by 2100, equivalent to adding another category to the top current rating of five (Mei et al. 2015). The deltaic areas of Southeast Asia with their relatively high coastal population densities will remain the most vulnerable (Adams et al. 2013). None of the parties with claims in the SCS is immune to the consequences of climate change. Every party will face more severe environmental destruction with the risk that the aggravation of natural disasters stimulates additional regional economic, social, and political insecurities. In this regard, natural disasters must be viewed as security threats that could be converted into an issue of regional unity rather than divisiveness, notably through the initiation of CBMs.

DISASTER MANAGEMENT AS CONFIDENCE-BUILDING MEASURES (CBMs)

Natural disasters know no border and can cause damage in multiple jurisdictions. As security threats, they pose a danger to the parties in the SCS disputes irrespective of their national boundaries, and in return they demand transnational solutions and the need for regional interaction. The nature of transnational challenges calls for a broader interpretation of the concept of security—one that recognizes that the scope of national security has expanded to include not only the traditional concerns of protecting a nation’s core interests, sovereignty, and territorial integrity, but also the cumulative effect of natural disasters. Liberal and neoliberal institutionalists argue that states engage in cooperation where and when there are mutual interests and gains to be derived (Caballero-Anthony and Cook 2013). The trend in Asia is for increased international engagement

and a better use of military means, focusing on deterring war and resolving regional crises. The mounting exposure of Asian populations to the impacts of natural disasters and their vulnerability to global warming provide the region with a unique opportunity to develop deeper, more meaningful cooperative mechanisms. Relevant global disaster management is the most effective way for Asian countries to address the security threats of common interest and concern. Disaster management is defined as the organization and management of resources and responsibilities for dealing with all aspects of natural disasters, in particular preparedness, early warning, mitigation, relief, recovery, and rehabilitation. Cooperation of this nature is essential to implement strategies, policies, and improved capacities in order to lessen the repercussions of natural disasters. It also represents a chance to enhance mutual exchange and reinforce a sense of good neighborliness. Disaster management fosters constructive dialogue and contributes to efforts toward CBMs. At a time when each country with a claim in the SCS is firmly holding to its entrenched position, it seems that the need for regional cooperation and common inspiration has never been greater.

The display of aggressive rhetoric and military force, fueled by nationalist fervor, has credibly introduced the possibility of an interstate war in the SCS. Tensions in the region over conflicting claims have been growing since the Philippines, Vietnam, Malaysia, and China formally submitted their claims under the United Nations Convention on the Law of the Sea (UNCLOS) in 2009.³ CBMs offer a first step toward lowering the risk of armed conflict. The general concept of CBMs emerged during the Cold War with the objective of exchanging information between the great powers to reduce the risk of nuclear attack. It has subsequently broadened to include other thematic areas of traditional and nontraditional security issues.⁴ CBMs are defined as any set of unilateral, bilateral, or multilateral actions or procedures that act to address, prevent, or resolve uncertainties among countries. In practice, “they function to make the conduct of countries more calculable and predictable, so that countries can have certain expectations with regard to the behavior of other countries” (Higgins 2002). Different approaches exist, but the primary tools for managing successful CBMs involve communication, constraint, transparency, and verification measures. From the establishment of the hotline between Washington and Moscow after the Cuban Missile Crisis to the commitment of Iran—through the Joint Comprehensive Plan of Action of 2015—to abandon its nuclear weapons program and accept international inspections, CBMs have

led to improved trust and more formal cooperative activities between even the most antagonistic of parties.

CBMs in the SCS have the capacity to provide a way to avoid misunderstandings about ambiguous events or perceived threats, and play an important role in instilling a sense of common responsibility and security. The South China Sea Peace Initiative, unveiled by Taiwan's then-President Ma Ying-jeou on 26 May 2015, was the most recent attempt at establishing diplomatic and Track II efforts designed to work out a peaceful and durable solution to the territorial disputes in the region. The South China Sea Peace Initiative proposes a maritime code of conduct for a range of non-traditional security issues such as environmental protection, scientific research, maritime crime fighting, and humanitarian assistance and disaster relief (HA/DR). The objective is to call on all concerned parties to exercise restraint and refrain from taking any direct action that might escalate tensions by focusing on international security threats.

Regional cooperation in the field of disaster management started as early as 1971 when the Association of Southeast Asian Nations' (ASEAN) Expert Group on Disaster Management met for the first time. Since its inception, ASEAN has always acknowledged the vulnerability of its member states to natural disasters. Further cooperation in the improvement of communications channels, the exchange of experts and information, and the dissemination of medical supplies and relief assistance were adopted in the 1976 ASEAN Declaration on Mutual Assistance on Natural Disasters. However, the institutional mechanism of the expert group had to wait until 2003 to be elevated into a full-fledged committee. The ASEAN Committee on Disaster Management consists of the heads of national disaster management agencies and serves as the main subsidiary body overseeing operational implementation of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER). The AADMER, which entered into force on 24 December 2009, is a legally binding agreement for all ten ASEAN member states. It provides guidelines for effective measures to achieve a substantial reduction of disaster losses in lives and in social, economic, and environmental assets, and to jointly respond to emergencies through concerted coordination and international efforts (ASEAN Coordinating Centre 2017). For the implementation of the AADMER, ASEAN developed a six-year work program (2010–2015), with two phases (phase 1: 2010–2012 and phase 2: 2013–2015). The ambition was to evolve from focusing on information exchange and organizing emergency response to building regional capacity

in order to conduct appropriate preventive actions and long-term reconstruction. ASEAN's vision is to create a disaster-resilient community in Southeast Asia. Complementing the disaster management efforts undertaken by ASEAN, the ASEAN Regional Forum (ARF) has been looking at disaster management as a means of reducing the security threats posed by natural disasters. To address growing regional concerns, the ARF has operated the ARF Disaster Relief Exercise (ARF DiREx) since 2009. The ARF DiREx tests civil–military effectiveness and efficiency in its response to large-scale disasters. It takes place every two years and is co-hosted by one ASEAN member state, as well as one non-ASEAN ARF member. Organized by Malaysia and China, the scenario of the ARF DiREx 2015 proposed to assess the region's preparedness and resilience to a super typhoon impacting the northern part of Peninsular Malaysia. In total, more than 2400 participants took part in the five-day exercise. In addition to encouraging ARF members to understand the value of disaster management, the ARF DiREx insists on information-sharing and international coordination at the operational and tactical levels.

Collaboration between civilian and military actors contributes to the positive development of establishing confidence and mutual understanding among opposing states. The ARF DiREx constitutes a landmark move as a transition from published declarations to practical engagement of regional armed forces. It represents the most serious effort so far toward promoting amicable and peaceful relationships. One important culmination is the direct involvement of the national armies of the parties concerned in the SCS disputes. Conducting such joint military operations is pertinent in addressing and working toward a reduction of the regional security dilemma exacerbated by fast-growing defense budgets and rising military activity.⁵ Through regional CBMs, functional cooperation and communication channels might be fostered among the disputing parties to prevent disagreements or misperceptions from escalating into military confrontations. The South China Sea Peace Initiative, the AADMER, and the ARF DiREx are not a quick fix for demilitarization or the relaxation of sovereignty claims in the SCS, but they can produce a better climate for future negotiations (Baker and Wiencek 2002). The viability and success of CBMs depends largely on the eagerness of the opposing states to see the benefits of these measures in order to sustain them through their implementation process. All parties concerned in the SCS dispute not only have a common interest in avoiding armed conflict, but they also have a shared interest in dealing with natural disasters. Multinational

cooperation is essential for effectively addressing disaster management. No single country in the SCS can handle or escape the extensive impacts of natural disasters.

A NEW ROLE FOR CHINA

Security risks in the SCS are real and growing. Every littoral state has a stake in encouraging greater stability and transparency concerning the motives and activities occurring in the region. Among the disputing parties, China is undeniably the country with the most to gain from dispelling prevailing doubts and creating a sense of common trust. China claims the vast majority of the waters and islands of the SCS. It argues that its right to the area goes back centuries, and that the Paracel and Spratly Island chains were once regarded as integral parts of the Chinese nation. China's opposition to any attempt to internationalize the dispute, on the grounds that the dispute can only be resolved by Beijing and each of the disputing parties on a one-on-one basis (with the imbalance of power that this implies), combined with the growing presence of the People's Liberation Army (PLA) and the China Coast Guard in the region, has alarmed other concerned parties and drawn harsh criticism, especially from the United States and its regional allies. Reports of harassment of fishing boats and oil explorations in disputed areas, as well as the publication of satellite pictures of controversial land reclamation projects on Subi, Mischief, and Fiery Cross Reefs posted by the worldwide media, have eventually convinced the general public that China was adopting an aggressive posture. This was not always so.

After its World Trade Organization accession in 2001, China began efforts to develop good relations and cooperative partnerships with neighboring countries. Economically, Southeast Asia has benefited remarkably from China's integration and cooperation. The recent launch of the Asian Infrastructure Investment Bank extends China's inclination to the future development of the region. With the exception of Taiwan, whose application has been turned down, all countries that have territorial disputes with China across the SCS signed the Memorandum of Understanding recognizing the establishment of the bank. Over the past decade, emboldened by its economic prosperity, China began more aggressively trying to expand its influence without disquieting its Asian trading partners. Through financial assistance and access to its growing market, China has been generous in order to reassure its periphery that it intends only peace.

At a session of members of the Political Bureau of the Central Committee in January 2014, China's President Xi Jinping insisted on the necessity to promote a favorable image of the country abroad, making soft power a key national priority (Zhang 2014). Unfortunately for Xi, China's increasing assertiveness and hard-power posturing in the SCS covered in the regional and international media have achieved the exact opposite.

Views of China have deteriorated sharply over the last decade. Among the 20 countries polled in 2004 and 2014, the number rating China positively has dropped from 13 countries in 2004 to 8 in 2014, while those rating it negatively have risen from three countries to seven. On average, positive ratings of China have dropped nine points. If China receives positive reviews from African, Latin American, and Muslim countries, important majorities give China a negative rating in Vietnam and the Philippines. A full 78 percent of Vietnamese and 58 percent of Filipinos have an unfavorable opinion. Malaysia is the exception, with 74 percent of Malaysians having a positive view of China. However, China is regarded with apprehension about its regional ambitions, with 66 percent of Malaysians concerned that territorial disputes between China and neighboring countries could lead to an armed conflict. This number increases to 84 percent in Vietnam and 93 percent in the Philippines.⁶ In Taiwan, the presidential and legislative elections on 16 January 2016 saw the Kuomintang losing by historic proportions, largely due to its pro-China stance. Anxious over China's growing influence, a majority of people in Taiwan fear the possibility of Beijing gaining power and influence through stronger economic integration with their country. In a 2015 poll conducted by National Chengchi University's Election Study Center, a record-low 9.1 percent of respondents supported unification with China.⁷ The anticipated (but nonetheless impressive) victory of Tsai Ing-wen and her pro-independence Democratic Progressive Party in the 2016 elections was the latest example of the population's concerns and doubts about Beijing's true regional intentions.

China's participation in global disaster management represents a great opportunity to restore the country's tarnished image, thus undermining the "China threat" argument, and laying the foundation to regain the trust of Southeast Asian populations, especially in Vietnam and the Philippines. Due to its status, China is expected to play an active role in the actions taken to respond to the new security threats posed by natural disasters (Chan 2010). The PLA should become more integrated into international disaster management exercises. In that sense, China's co-organization of

the ARF DiREx 2015 was a constructive initiative. HA/DR efforts provide a rare occasion for China to engage in military cooperation with other countries. This engagement in turn has the potential to positively support CBMs in the region. China is one of the most exposed countries to natural disasters. Its wide and diverse terrain is susceptible to a variety of climatic conditions, including earthquakes, storms, floods, droughts, and rising sea levels. In 2008, Sichuan Province was affected by one of the largest earthquakes in human history in terms of socioeconomic losses. The damage caused to schools, office buildings, and other structures led to the loss of over 70,000 lives, and more than 4.8 million people were left homeless. The economic losses were estimated at US\$125 billion (Centre for Economic and Business Research 2012). The PLA was quickly mobilized in earthquake-hit areas, and within a few days, more than 130,000 soldiers had been sent to help with rescue operations. Military transport fixed-wing aircraft and helicopters operated more than 300 sorties to bring in relief supplies. The PLA also dispatched 72 medical teams with over 2160 doctors, along with 20,000 bags of blood and a large amount of medical equipment (130,000 Troops in Rescue Operations 2008). The PLA response to the catastrophe reinforced its popularity among the Chinese people, building upon the positive imagery of its efforts during the 1998 floods and the 2007 ice and snow storms. For most of the population, these events erased most, if not all, of the taint from the 1989 Tiananmen Square massacre (Mulvenon 2008). Instead, the PLA is proudly seen as the vanguard of China's great power stature. As early as 1998, China's National Defense White Paper noted the importance of emergency and disaster relief tasks. Subsequent Chinese Defense White Papers have elaborated further on the role of the PLA in "rescuing and evacuating the trapped; ensuring the security of important facilities; salvaging and transporting important materials; participating in specialized operations such as rush repairs of roads, bridges and tunnels, maritime search and rescue, epidemic control, and medical aid; eliminating or controlling other major dangers; and assisting local governments in post-disaster reconstruction" (The Diversified Employment 2013).

Over the years, China has accumulated strong expertise and capabilities in disaster management, but most of the PLA's HA/DR activities have been domestically focused. It is in the best interests of China to actively and regularly engage in international operations. Only a few countries such as the United States, Japan, Australia, and China possess the means required to respond to massive regional disasters. Other nations such as

India, South Korea, Indonesia, Malaysia and Thailand are all in the process of strengthening their HA/DR capabilities, but they cannot yet match the assets and resources deployed by the most advanced countries.

In addition to the ARF DiREx, China has successfully carried out several exchanges with foreign armed forces in Asia. In September 2013, China and Mongolia kicked off joint training for natural disaster relief. The eight-day exercise featured joint training courses, discussion forums, simulations, as well as field drills. The objective was to help the two countries stimulate bilateral military relations and increase their pragmatic cooperation. Similar joint humanitarian medical drills were conducted with Pakistan and Indonesia. China's navy hospital ship, the *Peace Ark*, with 300 beds and more than 100 medical professionals on board, has been an indispensable tool for conducting emergency rescue missions in distant waters. As an aspiring great power, China is in no position to reject the duties that accompany that status. Prone to a high frequency of natural disasters itself, it has learnt from past experiences to develop the manpower, equipment, training, and organization for an immediate and effective disaster response. The vulnerability of coastal populations living in the SCS littoral states provides China with a twofold opportunity to play its role as a great power and assist neighboring countries with less expertise and capabilities in disaster management, with the added benefit of quelling regional fears over its behavior and actions in the SCS.

If China had a tendency to shy away from international disaster management exercises before, it now recognizes the importance of promoting itself as a figure of responsible power, conscious of the new security threats posed by natural disasters. The problem is that, in spite of genuine efforts to engage in multilateral operations and significant improvements in overseas operational HA/DR capabilities, China's conduct still contains major contradictions, especially when it links its engagement with its foreign policy objectives. The small amount of aid offered to the Philippines after Typhoon Haiyan struck the archipelago shows a lack of maturity, far from what is expected of a major responsible power. Typhoon Haiyan made landfall in Samar, central Philippines, on 8 November 2013. Around 7500 people were killed, and millions more were affected and displaced after the catastrophe left a wake of utter destruction. The Philippine government estimated the property, agriculture, and infrastructure damage to be at least US\$12 billion (Asia Insurance Review 2014). The scale of the catastrophe generated an outpouring of international sympathy and offers of assistance. Japan pledged US\$10 million and offered to send troops, ships, and planes,

while Australia donated US\$28 million in aid, including medical staff, shelter materials, water containers, and hygiene kits. The United States sent US\$20 million in immediate aid and an aircraft carrier, the USS *George Washington*, which carries 5000 sailors and more than 80 aircraft, to participate in relief efforts, along with four other US Navy ships. China, in sharp contrast, initially promised only US\$100,000 in aid, with another US\$100,000 coming in via the Chinese Red Cross. The offering from the world's second-largest economy prompted cries of protest from international groups, as well as from the editorial pages of the *Global Times*, an English-language Chinese newspaper operated by *The People's Daily*. China finally decided to increase its modest pledge to US\$1.6 million worth of tents, blankets, and other goods (Perlez 2013). China's sluggish reaction reflects the unsatisfactory state of relations, if not outright hostility, that existed between the two countries. China's lack of generosity with the Philippines revealed a deficit not only of compassion, but strategic thinking as well. By linking its donations to political disputes, China missed an opportunity to improve its international image and generate goodwill. If China is serious about promoting friendship and partnerships with its neighbors, as an effective way to reduce regional anxiety and maintain an amicable, secure, and prosperous environment, it cannot afford to respond impulsively, especially in the aftermath of natural disasters. This will demand a clarification of its engagement policy, including a separation between its financial and technical support offered to impacted countries and its foreign policy objectives. Engagement in disaster management provides substantial benefits. It allows countries under scrutiny to appear in a new and positive light and regional tensions to be eased through the development of cooperative mechanisms. In order to foster peace and stability, disaster management among SCS littoral states must get rid of short-term irritants and political speculation. Otherwise, it may achieve just the opposite of what it intended and contribute to aggravating rather than calming an already tense situation.

CONCLUSION

The SCS is considered an international security flashpoint that ranks high among the world's geopolitical hotspots. Even a limited armed conflict in the region could have detrimental consequences not only for the disputing parties, but it could also create significant problems for other international actors such as the United States, the European Union, and Japan.

The principal argument of this chapter is to increase regional cooperation as an effective means of preventing misunderstandings and miscalculation from escalating into armed confrontation. The necessary ingredients for such cooperation are sustained confidence and transparency between the different claimant states. This can be achieved in a relatively low-cost and low-risk manner by the successful implementation of emergency-management CBMs. The usefulness of CBMs is often overestimated and this advocates a careful consideration of their limitations. CBMs are not a panacea, and will not deal with the root causes of a conflict. They are simply a prelude to further negotiations that could eventually lead to more effective agreements. The field of disaster management represents fertile ground for the accomplishment of CBMs. The problem of dealing with all aspects of natural disasters concerns every country. As stated, none of the disputing parties in the SCS is safe from the extensive impacts of natural disasters. Moreover, the repetition of severe catastrophes calls for international intervention. Addressing the cumulative effect of natural disasters constitutes incredible challenges for Asian countries, which will require a shift in their traditional perceptions of national security—one that would foster deeper cooperative mechanisms and expect their national army to participate in military operations other than war. There is nothing to lose and everything to gain by engaging in joint disaster management efforts with other countries. Less polemical and politically sensitive than issues touching upon strategic commitment or sovereignty, it is in the interest of concerned governments to jointly prepare and mitigate the security threats associated with natural disasters. The benefits certainly make the efforts worthwhile. Natural disasters provide the disputing parties in the SCS with a unique chance to rise to the occasion and overcome their differences.

NOTES

1. For more details on the debate over water wars, see the extensive works of Homer-Dixon (1991, 1994, 1996, 1999), Gleditsch et al. (2006), Gleditsch (2012), Böhmelt et al. (2014), Diehl and Gleditsch (2001), Hagemann (2005), Burleson (2008), Eckstein (2009), and Tignino (2010).
2. The Zangmu Hydropower Project is expected to generate 38,000 megawatts of energy—twice the capacity of the Three Gorges Dam (Chaturvedi 2013).
3. Under the rules of procedure adopted by the Commission on the Limits of the Continental Shelf (CLCS), the claimant states in Southeast Asia had to

- submit information to the CLCS by 13 May 2009, if they intended to make a claim for a continental shelf beyond 200 nm pursuant to Article 76 (8) of the UNCLOS.
4. See Chap. 8 for an in-depth analysis (Souza 2017).
 5. According to the Stockholm International Peace Research Institute, military expenditures in Southeast Asia, except for Myanmar and Brunei, have risen steadily from US\$14.4 billion collectively in 2004 to US\$35.5 billion in 2013, marking a 147 percent increase within a decade. Vietnam and the Philippines have each spent 10 percent of total ASEAN defense spending in 2013. In 2014, Malaysian Prime Minister Najib Razak announced that Malaysia's defense budget would be increased to US\$5.4 billion in 2015, a hike of 10 percent, while China maintains the second-largest defense budget in the world behind the United States with US\$145 billion. Taiwan is not an ARF member but maintains a considerable military force and a defense budget exceeding US\$10.7 billion. See http://www.sipri.org/research/armaments/milex/milex_database.
 6. This poll was conducted by the BBC World Service. For more details on China's image, see <http://www.pewglobal.org/2014/07/14/chapter-2-chinas-image>; and <http://www.pewglobal.org/2014/07/14/chapter-4-how-asians-view-each-other>.
 7. This poll is part of a study that has been ongoing since 1992 on political attitudes, including the unification vs. independence issue, national identity, and political party preference. See <http://www.taipetimes.com/News/taiwan/archives/2015/07/26/2003623930>.

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South China Sea and Political Demography: The Cases of Vietnam and the Philippines

Filippo Maranzana De Filippis

INTRODUCTION

The end of the Cold War opened up new contentions in water boundaries among South and East Asian countries that remain unresolved today. The resolution of these disputes will probably come along when a new order is eventually established in this region, with new dominant nations to replace the role of declining powers. The awakening of the Chinese giant after decades of self-imposed political and economic slumber has had deep reverberations among its neighboring countries, in particular those which used to rely on the protection and military assistance of the Cold War superpowers. China's blue-water aspirations are propelled primarily by concerns about internal stability and shoring up the legitimacy of the one-party regime in Beijing. Given the demise of Communist ideology, stability, and consensus in the People's Republic of China (PRC) today is provided by uninterrupted economic growth, which in turn is assured by easy and safe access to energy resources, natural resources, and raw materials—all of which are essential contributions to production (Cáceres 2014).

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in
the South China Sea*, Critical Studies of the Asia-Pacific,
https://doi.org/10.1007/978-3-319-62828-8_7

To achieve these goals, Chinese authorities have introduced two major shifts in their traditional approach to global politics: first, their foreign policy has become more assertive and diplomatically savvy; second, the development of a mighty military has long since started to sustain its military ambitions in the Pacific and as a counterbalance to the American and Japanese presence.

These two shifts have the ultimate goal of expanding China's territory in the South Sea to include everything enclosed by the Nine-Dash Line, as delineated on a map first devised by the Nationalist Chinese government in 1947. This goal, if successful, would create a vast Exclusive Economic Zone (EEZ) in an area believed to be rich in gas and oil. The problem for Beijing is that this area also happens to be the world's most trafficked stretch of sea, generating conflicting interests and opposition to the Chinese plans. Such opposition is expressed at both the international and regional levels. International opposition comes mostly from Japan and the United States, whose economic interests lie in keeping these vital shipping lanes free and unrestricted. Regional opposition, meanwhile, stems from other countries in the littoral, namely Brunei, Indonesia, the Philippines, Malaysia, Taiwan, and Vietnam, whose respective EEZs are encompassed by the Chinese Nine-Dash Line. These nations are not only interested in keeping the sea conduits open to all, but each of them also claims one or more islands or formations in the South China Sea (SCS), and hence their fair share of the attendant resources. The most combative of the Asian countries to counter China's creeping assertiveness are Vietnam and the Philippines, though they are also the weakest in diplomatic and military terms. This chapter argues that their firm stance against China—unlike the more conciliatory pose of its other neighbors—is determined essentially by their internal conditions of overpopulation and relatively resource-poor endowments. Both Vietnam and the Philippines are approaching 100 million inhabitants (indeed, the Philippines surpassed that mark in June 2016), and therefore they cannot relinquish much-needed resources available in their SCS holdings (be it food, oil, or gas). Both have territories that are limited in extent and cannot guarantee the necessary resources demanded by their burgeoning populations. Population excess and resource scarcity are therefore seen as the main determinants of their foreign policy vis-à-vis China's ambitions.

The main purpose of this chapter is two-pronged: first, to explore the strategies put in place by the authorities of Vietnam and the Philippines to contain the Chinese expansion and assert their respective claims in the

SCS; second, to examine the association between internal factors and external policies by virtue of population theories. This work will be organized as follows: To start with, a literary review on the SCS and demographic studies will illustrate the most relevant views and how far they have gone in their explanatory efforts; then, a general outline of the SCS disputes is provided, including a historical background of the key players involved. This is followed by brief case studies of Vietnam and the Philippines to analyze the internal factors of population and resources and how these issues affect their respective foreign policies and attitudes, making use of theories on population and political demography.

LITERARY REVIEW

Literature on the SCS has always been rich in detailing its historical claims, resources, and strategic importance.¹ Only in the last two decades, though, has focus shifted to the more assertive pose taken by Chinese authorities, who view their “near seas”—namely, the Bohai Gulf, the Yellow Sea, the East China Sea, and the SCS—as areas of strategic interest. As for the latter, in recent public and confidential declarations (Campbell et al. 2013), Chinese officials have declared the SCS one of their “core interests,” suggesting an uncompromising stance, to the point of regarding SCS claims as simply “undisputable disputes” based on historic rights acquired by China (Cáceres 2014, p. 18). Michael Wesley (2012, p. 1) argues that “it is in the South China Sea that the components of Asia’s changing power dynamics are most concentrated and on display: China’s growing strategic heft and paranoid sense of entitlement; its Southeast Asian neighbors’ hopes and misgivings about China’s regional dominance; and the United States’ compulsion to meet China’s strategic challenge.” Since the SCS touches upon “a tangle of competing and mutually complicating claims over territory, resources and navigation rights,” it can be analyzed from multiple perspectives.

Valencia (2009) stresses the importance of norms and agreements in binding the different claimants and reducing potential conflicts, such as the Declaration on Conduct of Parties (DoC) signed in 2002 between the PRC and members of the Association of Southeast Asian Nations (ASEAN). Swaine and Tellis (2000) argue that China’s contraction and expansion has historically been associated with the rise and fall of its military and diplomatic capacity. In this respect, Beijing’s main objectives remain regional integration, resource control, and enhanced national

security. Livezey (1981, p. 181) underlines the importance for a maritime power to build-up a credible navy, especially for control of international trafficked sea lanes such as those on the SCS, and offers an age worn citation from Mahan,² who pointed out that “sea power consists in the first place of a proper navy and a proper fleet; but in order to sustain a navy, we must have suitable places where a navy can be protected and refurnished.” Modelski and Thompson (1988) share this view, but extend its implications to the global level by explaining how command of the seas allow for dominant nations to set the rules of international order, as well as to provide security and ultimately prevent war.

The first comprehensive analysis on population and environmental degradation was made by Thomas Robert Malthus in 1798. In his famous work, *An Essay on the Principle of Population*, he argued that population multiplies geometrically while food production grows arithmetically. As a result, population will eventually outstrip food supply, and cause a lack of subsistence means. Malthus also elaborated on the relationship between population and economics, concluding that since the labor population grows faster than production of food, the value of real wages is bound to fall because the growing population causes the cost of living (that is, the price of staple foods) to rise. Malthus maintained that two kinds of checks hold population growth within the resource limits: *positive* ones, which raise the death rate, such as hunger, disease and death; and *preventive* ones, which lower the birth rate, namely, abortion, birth control, prostitution, and celibacy.

More recently, Ester Boserup (1965) disproved the general assumption of Malthusian theory that agricultural productivity (and relative food availability) determined population size. On the contrary, she demonstrated that population pressure and food scarcity prompted the invention of more effective agricultural methods and the introduction of process innovations. Julian L. Simon (1999) has the same line of thought when he argues that population growth may eventually end wars, which are basically caused by land grabbing and expansionist ambitions. The reason for that lies in the technical discoveries eventually made under the urgency of feeding a population overgrowth. Sandy Irvine (2002) contests all the “myths” around the demographic transition model, according to which population after an initial upsurge due to improved health and sanitation will naturally decrease to sustainable levels—without imposition of any birth control measures—as it transits from a pre-industrial to an industrialized economic system.

In spite of these precedents, only recently has demography started to be considered as an important driver of politics to be included in the study of international relations. According to Jackson and Howe (2008, p. 17) “Ten years ago, [demography] was hardly on the radar screen. Today, it dominates almost any discussion of America’s long-term fiscal, economic, or foreign-policy direction.” Goldstone et al. (2011, p. 4) recognize the role of demographic change in the origins of revolutions, in that demographic factors greatly influence current geopolitics, fiscal politics, ethnic and religious conflict, as well as voting patterns, since they all touch upon disparities between nation-states (such as China and India), age cohorts (old and young), rural-urban groups (China’s rapid urbanization), and ethnic or religious groups (Hindus and Muslims in India). Ultimately, evidence shows that population pressure is indeed one of the major determinants of foreign and economic policies, and this is especially true for the young and sprouting societies of Southeast Asia, as well as China.

OVERPOPULATION: DEFINITION AND CONSEQUENCES

In general terms, overpopulation occurs when the number of people living in a territory exceeds the carrying capacity of that region to sustain the livelihood of its inhabitants. “Carrying capacity” is a controversial but popular term used in scholarly literature, since so far nobody has been able to measure the carrying capacity of a territory, unless self-evident extreme examples are presented, such as the desert or other inhospitable environments. From a long-term perspective, human overpopulation cannot be maintained without the rapid depletion of non-renewable resources³ (coal, petroleum, natural gas, and so forth), and the degradation of the environment to give support to the population. Overpopulation is viewed as absolute when the environment literally lacks the basic means of sustainment (food, shelter, clothing) and for that reason is usually temporary; relative overpopulation happens when the same basic means can be eventually delivered but at a cost that is amenable for the general standard of living, such as in overcrowded metropolises.

The debate about the influence of population change on economic growth has been going on for decades among economists as well as social and political thinkers, but has not led to a definite conclusion as yet. Three alternative approaches have been proposed: population growth is (1) negative, (2) positive, or just (3) neutral for economic growth. The pessimist theorists (Malthus, Ehrlich, and others) argue that rapid population growth

operates as a brake on economic development because the resources, otherwise employed for investments and infrastructures, are instead used to feed the population. This reasoning is based on the principle that higher population numbers require more homes, factories, and infrastructure, respectively, to house, employ, and provide for their needs; by contrast, investment requires capital and long-term planning, but when population growth is too rapid to keep up with, capital is diverted to first meet immediate necessities. The positive thinkers (Boserup, Kuznets, Simon, and others) state that population pressure on resources stimulates technological innovation and eventually leads to the discovery of more efficient processes. The underlying argument of the positivists is that, as population grows, so too does the stock of human ingenuity in adversity. The neutralist scholars (Srinivasan, Bloom, Kelley, and others) maintain that there is no proven causation between population and economic development. Even though rapidly growing populations typically show slow economic growth, this negative correlation disappears when taking into account other factors, such as country size, trade openness, educational attainment, and civic and political institutions. More recently, studies have suggested that the pessimist and optimist debate is actually a mere description of the beginning and the end of the same historical process, and for this reason the different positions should not be regarded as oppositional (Bloom et al. 2003).

The overpopulation shown by Vietnam and the Philippines—as well as by other countries in the same stage of development—is often the result of a social phenomenon called the demographic transition. The introduction of improvements in medicine and public health, coupled with better nutrition and healthier practices, produces the immediate effect of reducing mortality, especially among infants and children who are generally more vulnerable. This creates an initial “bulge” of the younger cohort in the demographic structure of a population, since those individuals benefit most from the decline in mortality. A reduction in mortality is followed by an equal decrease in fertility, since parents seem to realize that if fewer children are likely to die in childhood due to disease and malnutrition, they can give birth to fewer children to reach the same family size they plan to have. Other incentives toward lower fertility come from the investment in education that parents want to make for their offspring: since it is a long and costly commitment in an industrialized society, it becomes more affordable only with a size-limited family.

The demographic transition is then composed of decline in mortality and decrease in fertility, but these are not synchronized. Therefore the gap

between the two phenomena causes population growth (overpopulation), since fertility begins to decline only sometime after mortality has dropped. The excess population is made up mostly by the baby-boomers created by the initial mortality drop, hence the average younger populations observed in Vietnam and the Philippines, compared with the aging Chinese population. This demographic “bulge” or “wave” will work its way through the population structure creating other bulges, when cohorts reach reproductive age. Therefore the population will continue to grow until the effect of the initial and successive bulges is mitigated. Demographers call this process population momentum and calculate that it can last for 50–100 years until the population age structure settles down. In economic terms, the addition of the bulge cohort to the usual proportion of the working population (those between 15 and 64 years of age) will constitute an exceptional opportunity, with the appropriate economic policies implemented, since labor will be abundant, as will potential consumers. According to Bloom et al. (2001), this demographic dividend has been conducive to the spectacular results reached by East Asia (primarily China) in the past decades, accounting for as much as one-third of its economic “miracle.” The demographic transition, though, is time-limited. Many developed countries—but also China as an effect of its own one-child policy—are seeing the end of their labor surplus and must plan for their aging populations and a decline in their ratio of workers to dependents.

LATERAL PRESSURE THEORY

Historically, the demographic transition has operated in every geographic region and has been recorded in different periods. The already mentioned alarmist essay on population by Malthus (1798) came out at a time when England and continental Europe were experiencing a population boom caused by general improvements in sanitation and new discoveries in medicine. The search for resources to sustain an overcrowded population gave rise to expansion of colonization and a more intense exploitation of natural resources in dependent countries. Among Asian countries, only Japan experienced the same process of demographic transition on a par with Western countries. The Meiji Era (1868–1912) introduced modernization to Japan in many fields, including health and sanitation. As a result, between 1874 and 1937 the Japanese population doubled from nearly 35 to 70 million (Choucri et al. 1992). This overpopulation, matched with limited resources, is believed to have been one of the main drivers

behind Imperial Japan's aggressive military expansion in Asia, in order to acquire arable land (Taiwan, Korea) to feed its growing population, and raw materials (Manchuria, Korea) to sustain its expanding industry.

The Japanese case has been variously described using the lateral pressure theory developed by Nazli Choucri and Robert North (1975), which explains why states seek to increase their influence abroad through a variety of means, including territorial expansion. According to the same authors (1992, p. 3):

The most fundamental characteristics of nations—their ‘master variables’—are population, technology, and resources. Since states differ in levels and rates of change of population characteristics, of resource endowments, and of technological capabilities, patterns of international activities vary accordingly.

States experiencing overpopulation and technological change require increasing access to resources to sustain continued economic development. When resources within their boundaries are lacking or simply run out, they feel mounting “lateral pressure” to expand abroad. Resources can be acquired by trade, but in certain cases—when the state has the military, political, and diplomatic capabilities—governments may judge it wiser to use force to gain control of those vital resources, which is the principal benefit of expansion in lateral pressure theory (Fravel 2010). In Choucri's theory, the states which experience high lateral pressure, rapid economic growth, and resource access accompanied by large capabilities are labeled alpha states. An oft-cited example is China and its expansionist drive in the SCS. By contrast, states with the same characteristics but limited resource access and even fewer capabilities are beta nations. Those are found in today's Southeast Asia, such as Vietnam and the Philippines. Lateral pressure theory then describes the relationship between domestic growth (and its intervening master variables such as population and technology) and international behavior. Expansionist behavior is likely to encroach on others' real or assumed spheres of influence, which inevitably leads to conflict and ultimately to violence.

POWER TRANSITION THEORY

The role of a healthy and large population (relative to land area) in building up state power has been recognized for centuries, but A.F.K. Organski was one of the first scholars to include population as a key factor in

formulating theories of conflict. According to power transition theory illustrated in his textbook *World Politics* (1958), three variables contribute to state power: population size, productivity, and political capacity. Size constitutes the resource pool that states can mobilize to fill in military forces or sustain economic production. However, it has been noted that regardless of size, countries that show higher median ages and smaller proportions of youth are bound to be more peaceful, while conversely, nations with higher fertility and a larger base on the population pyramid are less accommodating and more prone to stand up to perceived threats to their national interests. Examples of the former are European states, Japan, and Russia; while the latter are found in other Asian countries, such as China, Vietnam, and the Philippines—just a glance at their respective median ages can be revealing of their attitudes and gives support to the power transition theory: China has a median age of 37.3 years, Vietnam 30.8, and the Philippines 24.4. Productivity is the second variable of this theory, which states that “in order to be truly powerful the population also must be productive ...” Having a larger working population (one in the range of 15–64 years of age) is an advantage in attracting investments and implementing development projects, but “those advantages cannot be realized without political capacity, defined as the ability of governments to extract resources to advance national goals.” Political capacity in its broader meaning expresses the power of the single state to mobilize its internal forces—economic, military, and demographic—that allow for a more assertive standing vis-à-vis claims of various nature coming from its neighboring countries (Goldstone et al. 2011).

TERRITORIAL CLAIMS

Overlapping claims of sovereignty over the SCS islands have been pressed by the region’s littoral states for several decades now. By far the most expansive and all-encompassing claim has come from China, as well as the Republic of China (ROC) on Taiwan, whose claim shares many similarities with that of the PRC. Since 2009, China’s claim has officially been embodied by the Nine-Dash Line, enveloping the vast majority of the SCS. The second-largest claim is that of Vietnam, which asserts sovereignty over all the Paracel and Spratly islands. The Philippines filed a claim for the western section of the Spratlys, known in the Philippines as the Kalayaan Island Group. Brunei and Malaysia, meanwhile, have limited claims over the parts of the Spratlys closest to their respective coasts.

On May 6, 2009, Malaysia and Vietnam filed a Joint Submission to the United Nations (UN) Commission on the Limits of the Continental Shelf, establishing the limits of their outer continental shelf claims. The following day, the PRC responded by formally submitting two *notes verbales*⁴ to the UN Secretary-General, in which it declared that “China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof” (CML/18/2009). Attached to the declaration was a map of the SCS with the superimposed Nine-Dash Line. In another *note verbale* the PRC also claimed not only territorial waters but also an EEZ and continental shelf (CML/8/2011). Neighboring contending countries as well as scholars have judged the PRC’s claims as legally unsustainable on its three main assertions: (1) historic rights (sometimes worded as “historic waters” or “historic title”); (2) the Nine-Dash Line; (3) and insular features that allow the EEZ claim. First, according to the International Law Commission study on historic rights (1962), three conditions must be met by claimants for historic rights to be valid: (1) the authority exercised over the area by the state claiming it as historic waters; (2) the continuity of such exercise of authority; and (3) the attitude of foreign states (Juridical Regime 1964).

Neither China nor any of the other claimants can meet these conditions in relation to the SCS with hard evidence, though both Vietnam and China have produced historical records and chronologies. In addition, the Law of the Sea views as historical waters only those internal waters where the sovereign state has full jurisdiction (Tønnesson 2000, p. 219). Second, the Nine-Dash Line is a roughly drawn sea demarcation—China has refused to give exact coordinates—and does not apply any standard method for delimiting maritime spaces; therefore, it can hardly serve as solid ground for legitimate claims. Third, the PRC has made it clear that it claims not only the territorial waters and contiguous zones around the islands but also, for each island, its exclusive economic zone and continental shelf (Dupuy and Dupuy 2013, p. 127). Equally clearly, China does not make a distinction between insular denominations that qualify as “islands” (thereby generating rights to full EEZ and continental shelf⁵ benefits) and those that only qualify as “rocks” (which only confer rights to internal and territorial waters). Under the Roman notion of *dominium maris* and the international law principle of *la terre domine la mer* (the land dominates the sea), sovereignty over waters flows from sovereignty to nearby land, which in the case of an island is regulated by Article 121

(Song 2010) of the United Nations Convention on the Law of the Sea (UNCLOS)⁶: (1) An island is a naturally formed area of land, surrounded by water, which is above water at high tide. (2) Except as provided for in paragraph 3, the territorial sea, the contiguous zone, the exclusive economic zone, and the continental shelf of an island are determined in accordance with the provisions of the present Convention applicable to other land territories. (3) Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.

In addition, UNCLOS states that the right to a continental shelf and to a 200-nautical mile EEZ should not be regarded as a right to sovereignty, but as a right to explore resources on and under the seabed (the continental shelf) as well as in the water. As a consequence, full national sovereignty applies only to internal waters, that is, within the baseline⁷ drawn by the states. More limited national jurisdiction (with the right to innocent passage⁸) is exercised within the 12-nautical mile territorial sea, and even less sovereignty with the additional 12-mile contiguous zone. Resources under the seabed outside the continental shelf, and living resources outside the 200-nautical mile EEZ, belong to the global community (Tønnesson 2000, p. 208). In light of this Convention, it seems clear that China cannot lawfully claim title over much of the waters enclosed within the expansive boundaries of the Nine-Dash Line.

DIFFERENT APPROACHES

According to Fravel (2011), states can adopt one of three general strategies for managing their claims in territorial disputes. First, they can take a cooperative approach, which rules out threats or the use of force and involves an offer to either transfer control of disputed territory or to drop claims altogether. Second, states can adopt a strategy of escalation, engaging its counterpart in coercive action (diplomatic, military, or economic) with the aim of achieving a favorable outcome and eventually seizing the contested land. Third, states can pursue a delaying strategy, neither offering concessions nor using force, but still asserting their claim to a piece of territory. Literature on territorial disputes has described periods of escalation or cooperation, which reflect the likelihood for claims to be resolved quickly through those two opposing strategies. More commonly noted are delaying strategies, however, which very often are regarded as less costly and more profitable in the long term. Reasons for choosing a

delaying strategy are various, and include: (1) if a state is weaker than its opponent, it is deemed wise to buy time and strengthen its own position until a favorable time comes along either on the diplomatic or military front; (2) if a claim is seen as too complex to untangle, time can be used to allow the dust to settle and then to unravel the main cause of the dispute; (3) under international law, effective occupation and the passage of time provide better grounds for a land claim; therefore, a delaying strategy can allow a state to consolidate its claim over a certain occupied territory.

Since the founding of the PRC in 1949, Beijing has pursued a delaying strategy in the SCS. In 1950 China occupied Woody Island (Yongxing Dao), the largest of the Paracel Islands, eventually developing it into a small naval base and conducting routine patrols around the area. The PRC made its first official claim with its declaration on China's Territorial Sea on September 4, 1958 (Resolution of the Standing Committee 1958). It affirmed its sovereignty over most islands in the SCS, not only Taiwan and its surrounding islands, but also the Pratas (Dongsha), Paracels (Xisha), Macclesfield Bank (Zhongsha), and the Spratlys (Nansha). However, two years previously, on May 29, 1956, China had already asserted its claims over the Spratly Islands in response to the Philippines' declaration of sovereignty over this archipelago. In 1959, South Vietnam moved to take control of the Crescent Group, a group of islands in the western portion of the Paracels, arresting and evicting Chinese fishermen who used to stay there part of the year during the fishing season. In 1974, Chinese naval forces engaged in a clash with the South Vietnamese military and seized Pattle Island, asserting control over the whole Paracels. Beijing claimed that there had been an understanding between China and North Vietnam, based on diplomatic notes in 1956 and 1958 (Fravel 2011, p. 298), according to which Chinese claims over the Paracels were acknowledged by Hanoi; with this assurance, China kept quiet until South Vietnam became weak enough to be overcome. This story is disputed though, and doubts about it are confirmed by the silent reaction of North Vietnam following the outcome of the battle.

Afterward, another relatively peaceful period followed. In the mid-1980s, Beijing decided to switch to a full escalation strategy, at a time when the region was becoming a center of economic interest for its prospective reserves in oil and gas, and consequently a race for occupation had started by other littoral claimants. The assertive Chinese campaign culminated in the March 14, 1988, battle against Vietnamese forces for the control of Johnson Reef (Chigua) in the Spratlys, in which more than

70 Vietnamese were killed; and it came to a conclusion with the occupation of Mischief Reef (Meiji) in 1994, off the coast of the Philippines. China's entry into the Spratlys caused jitters among Southeast Asian countries, but Beijing had already resumed a de-escalation and conciliatory pose, while consolidating its position in the SCS. In 1995, China and the Philippines signed a code of conduct, and in 2002 China and the ASEAN agreed on the Declaration of the Conduct of Parties in the South China Sea (DoC) (Fravel 2011).

In 1997, China had an opportunity to launch a soft-power campaign by aiding Southeast Asian countries caught in the financial crisis that began with the collapse of the Thai baht and soon spread across the region. Beijing rejected the easy option of devaluating its currency and offered instead a financial bailout that both the United States and Japan had refused to deliver. This charm offensive continued with the signing of the Treaty of Amity and Cooperation with ASEAN and other initiatives and projects across the region. By 2010, though, the stock of good will built up by the PRC in Southeast Asia had all but disappeared, to be replaced with the fear that China was using its growing military, political, and economic capabilities to force Vietnam and the Philippines, in particular, to accept its territorial claims in the SCS. In this regard, several factors contributed to raising tensions: first, rising nationalism among Asian countries have pushed governments to take a less submissive and more assertive policy in defending territorial sovereignty; second, drilling and exploration by national and international companies in the SCS have intensified; and third, ostensible law enforcement patrols by China, the Philippines, and Vietnam have become more resolute. In addition, Beijing's insistence on bilateral negotiations to settle disputes, rather than multilateral conflict resolution efforts, has been seen as a "divide and conquer" approach, deepening suspicions about the sincerity of China's intentions among its Southeast Asian neighbors.

Vietnam

Vietnam has the third-largest population in Southeast Asia, at over 94 million as of June 2016 (with a median age of 30.8 years), spread out unevenly in its relatively small territory with a total land area of 310,000 square kilometers. Urbanization has reached 34 percent, and most of the population is concentrated on the two largest river deltas: the Red River Delta in the north, with the national capital Hanoi as its main urban area; and the

Mekong River Delta in the south, with Ho Chi Minh City (Saigon) as the most populous metropolis in the country. From the late 1970s until the early 1990s, Vietnam was a member of the Council for Mutual Economic Assistance, and therefore was heavily dependent on trade with the Soviet Union and its allies. The USSR also gave financial support to implement a state-planned economy and agricultural collectivization. Vietnam took more than a decade to recover from the damage caused by the long war fought for independence, and it was a long time before improvements were made in addressing such problems as poverty, malnutrition, and poor sanitation. In the early 1980s the Vietnamese economy had stagnated, inflation soared to over 700 percent, and export revenues did not cover the value of imports. Between the late 1980s and the early 1990s, three main occurrences happened to change the course of events. First, the death of Party Secretary Le Duan in 1986 removed the greatest opposition to the launch of the much debated *Doi Moi*—the reforms that opened the country to a market economy and international investments, following the pattern initiated by the PRC almost a decade earlier. Second, Soviet aid was progressively reduced from 1985 until it stopped completely with the dissolution of the Soviet Union in 1991. Third, a demographic explosion occurred between 1985 and 1995 that pushed the population to well over 80 million, with a median age of 20 years—a direct consequence of the demographic transition taking place in the country. The big bang of economic liberalization transformed what was still a predominantly peasant economy into a vibrant, market-driven capitalist one. The end of the Marxist ideology and the new mantra of economic growth as the only way to support the burgeoning population (and give ultimate legitimacy to the ruling class) prompted the government to expand the search and exploitation of natural fuel resources in gas and oil present in the sea, as well as to extend the range of fisheries available to feed the growing population. This expansion of economic activities into the high seas inevitably encroached on the designs of neighboring countries—China for one—giving rise to cross claims over disputed areas in the SCS, in particular what the Vietnamese call the *Truong Sa* (Spratlys) and the *Hoang Sa* (Paracels).

Until the early 1990s, Vietnam pursued an aggressive policy to assert its SCS claims, one based on direct confrontation and disregard for international laws, and focused exclusively on national security concerns. Following the naval defeat against China in 1988 as well as concerns about disrupting the ongoing buoyant economic growth, Hanoi changed its

monolithic nation-centered policy into a more flexible and international one, without relinquishing its original claims. First, in 1991, it normalized diplomatic relations with the PRC and developed new economic ties. Then, it proceeded to adopt a new multifaceted approach, which has generally been described as internal and external hedging. The former consists of putting in place countermeasures to cope with a rising potential threat, as China is now perceived. In the mid-1990s, Vietnam began a military modernization program, and between 1994 and 1999 it bought from Russia 12 Russian Su-27 Flanker fighters as well as 12 Su-30K fighters; later, it signed a contract for technical assistance in the building of warships (Tønnesson 2000, p. 204). In 2009, Vietnam inked a deal with Russia to purchase six *Kilo*-class submarines, and in 2011 another contract to procure two *Gepard*-class frigates (Shoji 2012, p. 9) was signed. In spite of its need to concentrate resources on the economic development and infrastructure-building, Hanoi had nevertheless chosen to divert national funds for the modernization of its naval and air forces to create a minimal deterrence against its powerful neighbor, shifting away from its traditional focus on the maintenance of a large land army. External hedging is a three-pronged internationalization stance: the first prong is economic and has to do with the deals and agreements signed with foreign drilling companies (BP, Exxon, Gazprom, and Chevron, among others) for the exploration and exploitation of oil and gas reserves off its coasts, even in contested areas of the SCS and despite previous objections from China. Most recently, India's state-owned ONGC Videsh Limited (OVL) signed contracts with Hanoi to jointly conduct oil-exploration in the disputed waters.

The second prong has been to deepen defense ties with external powers, such as the United States, Japan, India, and Russia, by staging joint naval activities in the SCS; in addition, a new emphasis has been placed on one of Vietnam's main military assets, namely, the natural harbor at Cam Ranh Bay, which has served as a strategic base successively by colonial France, the Japanese Empire, the United States Navy, and the Soviet Union. Lately, the Vietnam government has decided to open it up to port calls by foreign ships, as was previously done with the ports of Haiphong in the north and Ho Chi Minh City in the south. The third prong of the external hedging approach consists of keeping dialogue with Beijing open, but at the same time raising the issue of the SCS claims at every possible international institution and meeting, in order to limit the delaying strategy of Beijing and push it to the negotiating table, possibly with a multi-lateral consensus. The International arbitration at the moment is kept as a

possible future option, given the positive outcome of the arbitration the Philippines lodged against China at The Hague in 2013.

The Philippines

The Philippines has the second-largest population in Southeast Asia after Indonesia, living in a land area of 298,000 square kilometers. Almost 50 percent of its over 102 million inhabitants (with a median age of 24.4 years) as of June 2016 are urbanized, cramping mostly into the northern island of Luzon, which also hosts the huge conurbation of Metro Manila and its surroundings, home to an estimated 30 million people. Estimates put the Filipinos working overseas at 12 million, generating remittances worth \$25 billion in 2013 (Coming Up Jasmine 2014). In the 1960s, the Philippines was Asia's second-largest economy after Japan, but soon afterward it started being overtaken by other Asian economies, and growth remained sluggish during the dictatorship of President Ferdinand Marcos, whose regime spawned economic malpractice and extensive corruption. The turning point for the Philippines came in the mid-1980s, when the country returned to democracy after the end of the Marcos regime. Marred by a huge international debt contracted during the Marcos period, government corruption, separatist movements across the island nation, and various coup attempts, the new democratic government has had a hard time implementing the economic and social reforms necessary to relaunch its economy. Two major events marked the recent history of the country: the first was the withdrawal of US forces due to the rejection by the Philippine Senate of the US Bases Extension Treaty, including the closure of Clark Air Base in 1991 and Subic Bay in 1992. This constituted a devastating economic, diplomatic, and military blow to the country, with long-ranging consequences. The other phenomenon, which has occurred only occasionally in the history of populations, was the overlapping of two demographic explosions happening between 1985 and 2005, during which time the population increased by approximately 30 million. These two events forced the government to press ahead with economic liberalization and to search for internal stability through peace agreements with separatist movements. As a result, the economy started to grow, attracting international investments to finance badly needed infrastructure projects. Concerns, though, remained about the procurement of resources to sustain what became the second-highest economic growth rate (7.2 percent in 2013) in East Asia, after China. Therefore, joint explorations for oil and

gas have been launched with international tenders in a portion of the Spratlys, causing regular clashes with Chinese maritime assets.

The departure of American forces from Subic and Clark bases in the Philippines had two immediate effects: (1) it laid bare the vulnerability of the Filipino navy and air forces vis-à-vis China and other claimants in the SCS; and (2) it created a power vacuum in the region which the PRC wasted no time to exploit to its advantage. China's first demonstration of its expansionist nature occurred in late 1994, when the PRC quickly built initial structures on stilts on Mischief Reef during a break in Philippine naval patrols due to the monsoon season. Since the reef is just 130 miles west of Palawan Island (well within the 200 nautical miles allowed for the Philippine EEZ), Manila protested, but Beijing responded by claiming that the structures were meant to be shelters for Chinese fishermen operating in the area. Eventually these fishermen's shelters became a fortified military base hosting a hundred soldiers of the People's Liberation Army (PLA). This was a significant watershed in the relationship between China and the Philippines, since it was the first time that China occupied a territory claimed by another ASEAN country (Vietnam joined ASEAN in 1995). The Philippine government quickly acknowledged that it lacked the military capability to dislodge the PRC by force; therefore they resorted to a strategy of regionalizing and internationalizing the dispute.

In order to restrain China's expansionism, Manila was presented with three options: the first one was a military buildup following the pattern of Vietnam, but this was soon discarded since the national budget was insufficient and the relative advantages were too long-term and uncertain given China's own overwhelming level of military spending. The second option consisted of broadening and deepening relations with Beijing's rivals such as Japan, South Korea, and Australia. Not to mention the United States, with which it has stipulated a Visiting Forces Agreement (VFA). This approach included also the tentative involvement of other ASEAN members to form a united front against the PRC; in all, the response has been tepid both from the international community and the regional side. The third option was the international arbitration at The Hague, which was deemed to be the most effective way to expose internationally the Chinese "creeping invasion" in the SCS, especially after the Scarborough Shoal incident of April 8, 2012, between Chinese and Philippine maritime surveillance ships. Therefore, on January 22, 2013, the Philippine government lodged an arbitration case over China's claims under the auspices of UNCLOS. The Philippines pushed on three

points: (1) China's Nine-Dash Line is unlawful under the UN Convention; (2) many maritime territories claimed by China do not generate a 200-nautical mile EEZ as Beijing asserts; (3) China has repeatedly violated the Philippines' rights under the Convention. The PRC rejected the legal claims presented by the Philippines and refused to participate in the process. Ultimately, the tribunal issued its award and found in favor of the Philippines, ruling that it could find no evidence that China had historically exercised exclusive control over the waters in question or their resources, and that there was no legal basis for China's claim to historic rights based on the Nine-Dash Line.

Despite having gained the upper hand with this strategy, the capriciousness of democratic politics saw the strategy abandoned with the election of Rodrigo Duterte as Philippine president on June 30, 2016. Duterte quickly changed tack and embarked upon a bandwagoning approach to China, instituting Beijing-friendly policies and further distancing his country from its old ally the United States. Nevertheless, the arbitration still represents an effective illustration of the use of international legal norms and appeals to regionalism and internationalism as a means of dealing with competing territorial claims.

CONCLUSION

The SCS is a pressing issue in that the actors are all Asian (South and East Asian). On one side we have an emerging power that seeks to translate its newfound economic, political, and military capabilities into regional dominance and expansive territorial occupation in the SCS. On the opposite side, a string of littoral Southeast Asian countries having maritime claims of various sizes in the same area but lacking in leverage to oppose the Chinese behemoth. Standing in the background are the old global powers, the United States and Russia, which largely abandoned their military bases in the area soon after the end of the Cold War in the early 1990s, leaving a power vacuum that the PRC wasted no time in filling. The US rebalancing policy has turned some attention back to this region, in a move that many observers have interpreted as little more than soothing words and others see as an attempt to contain China. Certainly, the United States, Japan, India, Australia, and the rest of the global community claim to stand for the principles, enshrined in UNCLOS, of freedom of navigation in the SCS, and they reject the interpretation of their stance as an attempt to encircle China, as well as the Chinese assumption that the entire SCS is Chinese

national territory. Secondly, they promote a peaceful resolution of disputes and abstention from coercion or imposition of a solution by military means. By contrast, the Southeast Asian countries are not united as a single front on the SCS issue, but rather each has its own agenda to follow based on calculations and economic conveniences in dealing with China. The two most resolute opponents of China's policy on the SCS are certainly Vietnam and the Philippines. Besides the most obvious geographical, political and historical reasons, there are other motivations that pertain to domestic issues: Both are overpopulated nations experiencing demographic transitions of massive proportion; they also have relatively scarce resources and a limited territory. These facts only prompt them to be less compliant with China and more eager to defend their own territorial claims on the SCS, which is believed to be rich in reserves of oil and gas—the two most important items needed to sustain their economic growth and support their huge populations. These urgent internal factors, which perfectly illustrate both the Lateral Pressure theory and Power Transition theory in action, have led to the adoption of certain strategies to deal with the problem of China's aggressive designs on their SCS territories. Vietnam's approach has become multifaceted and less national-centered: priorities are now given to (1) a military buildup of a deterrence force to prevent China from quickly seizing islands claimed by Hanoi; (2) international partnerships to conduct joint explorations of gas and oil, even in contested areas; and (3) participation in joint military exercises with regional powers such as Russia, the United States, Japan, and India to avoid isolation and break through the Chinese encirclement. By contrast, the Philippines have a much smaller portion of territorial claims than Vietnam, and having explored other options such as a minimal naval reinforcement and international military collaboration, the Philippines government decided to go the route of launching an international arbitration against the validity of China's claims. Prior to the ascension of Duterte and the essential crippling of that legal victory, the decision at The Hague greatly annoyed the Chinese authorities, who perceived it as a humiliation and a meddling in its own internal affairs. To conclude: regardless of regime, constituency is today the only source of legitimacy left for the ruling establishment, especially after the end of the Cold War and the military and ideological protection that each single bloc provided to its members. The competing claims in the SCS illustrate that there are various ways in which a smaller, less powerful nation can press its claims against a larger foe, and the experiences of both Vietnam and the Philippines are worth studying by policymakers throughout the region.

NOTES

1. See Chap. 1 for an in-depth analysis (Hayton 2017).
2. Alfred Thayer Mahan (1840–1914) was a United States Navy officer, widely considered the world’s foremost theorist of military sea power.
3. In theory, all resources are renewable, but those labeled non-renewable cannot renew themselves within a meaningful human time frame. For example, fossil fuels take thousands of years to form.
4. A *note verbale* (verbal note) is a diplomatic communication prepared in the third person and unsigned: less formal than a note (also called a letter of protest), but more formal than an *aide-mémoire* (a memo).
5. A continental shelf is an underwater landmass which extends from the above-water continent, resulting in an area of relatively shallow water known as a shelf sea. A continental shelf is limited by the continental margin, from which starts a continental slope down to the abyssal plain.
6. UNCLOS was signed in 1982 and came into force in 1994, a year after Guyana became the 60th nation to ratify the treaty. As of January 2015, 166 countries and the European Union have joined the Convention.
7. Baseline: the starting point along the national coasts of a country from which to measure its claims to maritime zones.
8. “Passage is innocent so long as it is not prejudicial to the peace, good order, or security of the coastal State” (UNCLOS PART II, Article 19, Sec. 1).

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PART V

Policy

Beneath the Surface of Consensus: The Development of Confidence-Building Measures Between the PRC and ASEAN in the South China Sea Disputes

Moises Lopes de Souza

INTRODUCTION

On June 14, 2016, during the Special ASEAN-China Foreign Ministers Meeting, a diplomatic embarrassment occurred over a statement released by the Malaysian government containing stern language about China's behavior in the South China Sea. Within just a few hours, the ASEAN representatives at the gathering backtracked, calling the statement an "error" and denying that it represented ASEAN views, and they quickly issued a retraction. The swiftness of their response illustrates the degree to which ASEAN member nations seek to avoid causing discontent in Beijing and calling down China's wrath (Potkin 2016). Later, international media coverage of the 49th ASEAN Foreign Ministers Meeting noted the failure of the group's traditional Joint Communiqué (2016) to make any mention

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in
the South China Sea*, Critical Studies of the Asia-Pacific,
https://doi.org/10.1007/978-3-319-62828-8_8

of the recent decision by the Permanent Court of Arbitration (PCA) in The Hague concerning the lack of validity of Chinese claims in the South China Sea (Connor 2016). Again, even though four of the six countries involved in the South China Sea disputes are members of ASEAN, the group of foreign ministers could not find a way to make mention of the hotly anticipated ruling—a failure attributed by commentators as being motivated by a reluctance to upset Beijing. ASEAN, it should be noted, only operates when consensus is reached, and China’s ally Cambodia stood staunchly against making what would have been largely a symbolic gesture in support of fellow ASEAN member the Philippines.

These two episodes are illustrative of how the question of “consensus” and the internal mechanisms to reach it are complex issues within the ASEAN structure. In most Southeast Asian cultures, a consensus implies trust, and trust is understood as something that must be built carefully through a process of gradual negotiation, with patience and profound care about rituals and timing, and respecting the sovereignty of its members. All the more reason, then, to proceed with the institution of confidence-building measures (CBMs) that could help to reduce tensions in this regional hotspot.

Before analyzing the development of CBMs between the People’s Republic of China (PRC) and Southeast Asian countries, it is important to point out some aspects of the issue that most analysts consider salient regarding CBMs in the Asia-Pacific region in general. The actions taken to create an environment of mutual trust have been happening in different directions, magnitudes, and dimensions. Looking at Asia-Pacific CBMs in particular, it should be remembered that (1) The Asia-Pacific is not itself a homogeneous region; (2) There is a preference for informal structures and a tendency to place greater emphasis on personal relationships; (3) Consensus-building is a key prerequisite; (4) There is general distrust of outside “solutions”; and (5) There is genuine commitment to the principle of non-interference in one another’s internal affairs.

CBMs IN THE SOUTH CHINA SEA DISPUTES

Officially, efforts to develop CBMs started in 1992, with the ASEAN Declaration on the South China Sea, which urged claimants to solve their problems via peaceful means. In 1999, China and Vietnam signed a joint statement in which both sides agreed to settle their border disputes. One year later, China signed a joint statement on comprehensive cooperation

with Indonesia, the Philippines, and Vietnam. All those statements shared a common objective: to enhance Beijing-ASEAN relations.¹

Later, in 2002, after years of negotiation, China's Vice Foreign Minister Wang Yi signed an agreement derived from the 1992 Declaration titled Declaration on the Conduct of Parties in the South China Sea.² Simultaneously, a series of important documents were signed as well as the Framework Agreement on ASEAN-China Comprehensive Economic Cooperation (ACFTA) and other technical cooperation agreements.

Hence, a range of initiatives were developed in an attempt to enhance understanding among disputants. The ASEAN Regional Forum (ARF) on the official (or Track I) side, as well as the Workshop on Managing Potential Disputes in the South China Sea from a less official (or Track II) perspective, are among the best examples of these efforts.

The Role of ASEAN Regional Forum (ARF)

The ARF was initially proposed by Gareth Evans and Joe Clark, the foreign ministers of Australia and Canada, respectively. Despite being very well received, there were a number of factors standing in the way of the forum's prospering. Mainly, there was a general assumption that the proposals made by these two Westerners leaders were simply derived (or outright copied) from the model of the Conference on Security and Co-operation in Europe (CSCE).³ And indeed they had been, to a degree. Moreover, the multidimensional strategic aspects and particular cultural characteristics that define the Asia-Pacific made it difficult to import Western models—even successful ones—to the region, and at the time, given the events taking place in the former Yugoslavia, the Organization for Security Co-operation in Europe (OSCE) model was far from being considered a successful model for regional security. In addition, these European models were understood as being “too formal and elaborate for Asian reality” (Quilop 2002, p. 10). Later, Japanese Foreign Minister Taro Nakayama suggested during the 1991 ASEAN-Post Ministerial Conference (PMC) in Kuala Lumpur that the PMC⁴ could double as a venue for addressing regional peace and security (Anthony-Caballero 2005). However, Nakayama's proposition was implicitly refused, without any official reasons being given. Although there was no clear motive for the refusal to employ the PMC as a venue to discuss regional security issues, it is widely held that discussion of the idea fell on deaf ears largely due to lingering mistrust over Japan's past. Or, as an official put it at the

time, because the notion came “from a ranking official of a major regional power whose foreign policy remains suspect in the minds of many neighbors” (Quilop 2002).

However, in spite of any framework incompatibility or historical misperception among Southeast Asia and Tokyo, the truth is that a regional mechanism to address the security challenges in the region could not be postponed any longer. After Vietnam’s invasion of Kampuchea in December of 1978, the need for such a security arrangement became clear, making the formation of such a forum an imperative that few could deny. More than just a violation of ASEAN’s directive of non-interference in domestic affairs, Vietnam’s aggression placed the whole regional security balance at risk. Worse, it exposed ASEAN’s inherent inability to respond in a coordinated fashion, with the region in general suffering a lack of capacity to intervene in events before or after the conflagration of a conflict in its own backyard.

Thus, during and immediately after the conflict ended, the seeds of conflict-management mechanisms found fertile soil, and efforts to enhance the level of confidence among Southeast Asian nations had begun to be openly developed (Anthony-Caballero 2005, pp. 120–4). Following this path, the ASEAN Regional Forum⁵ was established in 1994 with the goal of sustaining and enhancing peace and prosperity in the Asia-Pacific by improving dialogue on political and security cooperation.⁶ During its second annual ministerial meeting in 1995, the ARF developed a concept paper that outlined a path for the future attributions of the forum. Essentially, the paper emphasized that the forum should concentrate on enhancing trust and confidence among members and, in doing so, foster a regional environment conducive to the maintenance of peace and prosperity. Specifically, the goals were: (1) Promotion of CBMs, (2) Development of preventive diplomacy mechanisms (PD), and (3) Development of conflict-resolution mechanisms.

Since its establishment, the ARF has aimed to develop a sophisticated and inclusive approach. Many of these improvements are the result of a long process of “learning by doing,” which has tailored the scope and approaches of the forum. This learning process has also resulted in an extensive list of activities that are the result of 382 Track I meetings (List of ARF Track I Activities 2016) between 1994 and 2016, and 62 Track II meetings between 1994 and 2009.⁷

Moreover, the ARF solidified an approach that became a brand of ASEAN’s interpretation of multilateralism, characterized by a preference

for dialogue, consultation, and consensus-seeking, as well as an avoidance of conflict, allowing parties to save face. This approach included as well an inclination toward informality, a focus on process, and allowing development to proceed in an evolutionary manner (Cossa 1995). With these characteristics, the creation of an informal negotiation channel as a complement to the official diplomatic arena was a natural step, and was realized by Council for Security Cooperation in the Asia Pacific (CSCAP) and the Workshop on Managing Potential Disputes in the South China Sea.

The Development of Track II: CSCAP

Experts in the region have established their own think tanks and other non-governmental organizations that together form a network of research institutes. A notable example is the CSCAP. The CSCAP was an arrangement made by various strategic study centers from different countries during the 1992 meeting in Seoul, South Korea. Those representatives from ten countries⁸ decided that “there was a need to provide a more structural regional process of a non-governmental nature ... to contribute to the efforts toward regional confidence building and enhancing regional security through dialogues, consultation and cooperation.” (The Kuala Lumpur Statement 1993)

Based in Kuala Lumpur, at Malaysia’s Institute of Strategic and International Studies (ISIS), the CSCAP has progressively incorporated new members within its structure. As an example, institutes from New Zealand, Russia, North Korea, Mongolia, and a Western European consortium have joined as full members of the council, with India’s Institute of Defence Studies and Analyses (IDSA) becoming an associate member. China and Vietnam joined as full members in December 1996, whereas the European Union (EU) joined as an associate member in June 1994 and was granted full membership in December 1998. In 1994, India became an associate member and was elevated to full member six years later in June 2000. To guarantee a wide spectrum in its composition, institutes from Cambodia and Papua New Guinea were also granted full membership in June 20 (About Us 2017). Thanks to these gradual additions of more and more institutions, the CSCAP was described as “the most ambitious proposal to date for a regularized, focused and inclusive non-governmental process on Asia Pacific security matters” (Evans 1994, p. 125).

The CSCAP function, among others, is to supplement the ARF with its gatherings of specialists on different topics such as transnational crimes

and maritime security in the Asia-Pacific. The CSCAP has been hosting dialogues that run parallel to the ARF, and although it is a non-governmental organization, the CSCAP employs the so-called ASEAN Way in its deliberations, that is, one based on consensus and votes⁹ (Simon 2010, p. 302).

The Development of Track II: The Workshop on Managing Potential Disputes in the South China Sea

Additionally, consistent with the Track II perspective, the Workshop on Managing Potential Disputes in the South China Sea, also known as the Indonesia Workshop, was formed in 1990. It was intended that this group serve as an informal channel on technical, rather than political, issues through which individuals representing respective authorities with outstanding claims can take part in discussions on an individual basis. The discussions are conducted by consensus, and the participants make recommendations to their respective authorities based on the dialogues conducted during the workshop (Weatherbee 2016, p. 8). As a forum for discussing regional disputes, these workshops developed into a valuable venue for informal discussions and have achieved an importance that cannot be dismissed. Conversely, the Indonesia Workshop was convened through that country's Ministry of Foreign Affairs and supported by the Canadian government.

Held in Bali, the first meeting in 1990 was attended by ASEAN members only, and had as its task the discussion of a common strategy against China and evaluation of the sincerity of its proposals at that time (Swanström 1999). During the 1990s, the meetings were mostly focused on China's actions and propositions. In general, the discussions were aimed at developing possible negotiation strategies under the Chinese concept of "indisputable rights."

The main discussion style most characteristic of the Indonesia Workshop has been the avoidance of sensitive issues, namely sovereignty. However, even efforts to proceed with apolitical and technical cooperation in scientific research, the environment, resources, safety of navigation, and legal matters suffered constraints due to concerns that, eventually, hurt feelings would result over the sovereignty issue. Another important characteristic of these workshops was the sole role of Indonesia in promoting them. Neither ASEAN nor ARF has ever been involved as an organization in the negotiation process, but despite all the difficulties, 26 workshops were successfully

established between 1990 and 2016 on a variety of different topics.¹⁰ Parallel to this, a number of meetings were organized by universities and other institutions to offer another channel for the building of an environment of mutual trust in Southeast Asia regarding the South China Sea disputes (Weatherbee 2016). The highest point reached by the Indonesia workshops was during the Mischief Reef crisis of 1995, at which participants worked effectively to complement efforts to de-escalate tensions between China and the Philippines. Recognizing the important role of mediation and building a channel for mutual trust, ASEAN released in March 1995 a note that expressed concerns about the escalation in the Spratly region, and requesting that all countries involved in the dispute exercise self-restraint and make use of the channel for peaceful negotiations.

Both the CSCAP and Indonesia Workshop are only complementary tools of the CBM engine, however. To be effective in managing tensions in the region, there was a consensus among pundits that the CBM should progress to the PD stage. This has not happened so far.

FROM CBMs TO PREVENTIVE DIPLOMACY: STATE RESISTANCE

Among the diverse approaches that characterize the negotiating dynamic in Asia, the concept of PD has been the subject of great controversy. Policymakers and analysts have disagreed about its nature and scope since at least the end of the Cold War.¹¹

In *An Agenda for Peace, Preventive Diplomacy, Peacemaking and Peace-Keeping* written by Boutros Boutros-Ghali (1992), the terms of PD were used as “integrally related” with other terms that were less controversial or universally accepted, such as peacemaking and peace-keeping. According to the former UN secretary-general, PD can be defined as “action to prevent disputes from arising between parties, to prevent existing disputes from escalating into conflicts and to limit the spread of the latter when they occur.” Boutros-Ghali also highlighted the usefulness of PD as a personal tool he used in his position as United Nations chief in order to avoid escalation:

The most desirable and efficient employment of diplomacy is to ease tensions before they result in conflict—or, if conflict breaks out, to act swiftly to contain it and resolve its underlying causes. Preventive diplomacy may be performed by the secretary-general personally or through senior staff or

specialized agencies and programs, by the Security Council or the General Assembly, and by regional organizations in cooperation with the United Nations. Preventive diplomacy requires measures to create confidence; it needs early warning based on information gathering and informal or formal fact-finding; it may also involve preventive deployment and, in some situations, demilitarized zones. (Boutros-Ghali 1992)

According to Amitav Acharya (1997), PD is “diplomatic, political, military, economic, and humanitarian action undertaken by governments, multilateral organizations and international agencies” (Capie and Evans 2007, p. 186) Acharya also asserts that the aim of PD shall be: (1) Preventing severe disputes and conflicts from arising between and within states; (2) Preventing such disputes from escalating into armed confrontation; (3) Limiting the intensity of violence resulting from such conflict and preventing them from spreading geographically; (4) Preventing and managing acute humanitarian crises associated with (either as the cause or the effect of) such conflicts and; (5) As part of the immediate response to a crisis or pre-crisis situation, initiating measures that might contribute to the eventual resolution of the dispute (Acharya 1997).

Barriers to PD: Sovereignty and the ASEAN Way

The South China Sea represents an immense obstacle on the road to achieving a viable cooperation process between China and its neighbors in Southeast Asia, and the tightly held concept of sovereignty has played a key role in this scenario. Despite the effects of globalization and a growing economic interdependence between ASEAN members and China, respect for sovereignty still remains a defining element in Southeast Asia’s international interactions.

The safeguarding of sovereignty and non-interference in internal affairs are the cornerstones and engine of ASEAN¹² and, as a result, the traditional supremacy of the role of the State within the ASEAN structure remains untouched in spite of the regional integration process. Although the classic approach of regional integration necessitates some level of relaxation of the conventional concept of sovereignty (Mattli 1999), the principal concern of the Southeast Asian elites has been safeguarding “their freedom of action and autonomy within a regional framework” (Capie 2003, p. 20). Bronson Percival (2007) argues that to recognize Southeast Asia as a single body is a basic misunderstanding that can lead

to an oversimplification of Southeast Asia realities. In addition, he points out that the group, “is a regional organization designed primarily to reinforce the individual sovereignty of each of ASEAN’s ten member states” (Percival 2007, p. 20).

The solution to this apparent paradoxical approach was the development of a set of informal and formal mechanisms, which highlight the importance of the concept of sovereignty and prevents any possibility of the integration process “outpacing the desires of any individual member.” In fact, the Southeast Asian states are adherents to *musyawarah dan mufakat*. *Musyawarah* is an Indonesian term, which means “arriving at decisions through a process of discussion and consultation.” With origins in the rural villages of Indonesia, *musyawarah* is the process by which consensus is built. When reached, a unanimous decision is taken, or *mufakat*. Although this system has been pointed to as one of the central pillars of the political transition in Indonesia, signifying that majority and minorities alike can take part in a negotiation process, the system has also been accused of being an excuse to delay important decisions, and thereby decreasing the efficiency of the country’s lawmakers (Kawamura 2011, p. 4).

This system has been regarded as a role-model within the ASEAN diplomatic approach. However, instead of using its Indonesian name, this concept has often been referred to as the “ASEAN Way.” As pointed out by Capie and Evans (2007), the ASEAN Way (also known as the “APEC Way,” (Asia-Pacific Economic Cooperation) the “Asia-Pacific Way,” and even as the “Asian Way”) in a strict sense represents a clear rejection by Southeast Asian policymakers of what they see as imported Western notions of diplomacy and multilateralism. The authors argue that the ASEAN Way seeks to employ a negotiation process that can express the regional, cultural, and political realities of Southeast Asia. Consequently, these regional characteristics are often in opposition to the Cartesian style of diplomacy which many Asian leaders consider too formalistic and focused on legalistic procedures and solutions. Capie and Evans point out that the methods employed in Southeast Asia, and in Asia as whole, stress patience, evolution, informality, pragmatism, and above all, consensus (Capie and Evans 2007, p. 9). Therefore, the maritime disputes between China, Taiwan, Malaysia, Vietnam, the Philippines, and Brunei shall be analyzed using the Southeast Asia modus operandi and thereby respecting sovereignty and national interests, with the aim of achieving a dialogue that leverages the ASEAN Way to more meaningfully address the level of complexity and the magnitude of the strategic challenges in the region.¹⁴

Barriers to PD: The China Factor

The ARF was created, among other reasons, to be a diplomatic instrument for “socializing China into the habits of good international behavior” (Quilop 2002, p. 10). Indeed, the central role of the China factor cannot be ignored in discerning the motivations for ARF’s creation: The disputes in the South China Sea had already been pegged as one of the most worrisome issues among Southeast Asian states at the time.¹³ Underlying this vision, Simon argues that of “a larger security order was the hope that the treaty’s peaceful resolution commitment could be extended to the other states. This practice would constitute a kind of minimal diffuse reciprocity” (Simon 2010, p. 300). That is, while ASEAN would not expect outsiders to automatically come to members’ aid in time of crisis or to their defense if attacked, at least outside countries could be asked to renounce the use of force in settling any conflicts they might have with the association’s members. The unstated object of these concerns, of course, was China—the only “extra-regional” state with territorial claims in Southeast Asia. Eventually, if successful, it would encourage the PRC to explain and clarify its security policy and planning. China’s neighbors, which include such South China Sea claimants as Malaysia, the Philippines, and Vietnam, could then respond through the ARF with their concerns about the PRC’s policies in hopes of modifying them and enhancing regional stability (Stein 1990, p. 32).

Furthermore, the rapid economic development of China gave Beijing the confidence to intensify its military modernization. The significance of this binomial becomes evident when the elevation of skirmishes between Southeast Asia and the other claimants becomes more usual. The necessity to engage China became clearer when Beijing, little by little, started to take on an ambitious plan to develop its naval capabilities at a pace that, even if they wanted to, the Southeast Asian states could never keep up with. But nor could they ignore it. As result, suspicion of China’s intentions deepened, and the region’s other claimants consistently increased their own military expenditures as best they could, year after year. Taking Vietnam and the Philippines as examples; the former increased its military spending by 314 percent from 2005 to 2014, most of which went toward military modernization and development of additional power-projection capabilities. By the same token, Manila—despite its modest budget—experienced a less substantial albeit important increase of 35 percent in its military investments from 2010 to 2014 (Abuza 2015).

PERCEPTIONS AND OUTCOMES

On the June 18, 2003, ARF, which met in Phnom Penh, Cambodia, the ministerial statement declared that, “despite the great diversity of its membership, the forum had attained a record of achievements that have contributed to the maintenance of peace, security and cooperation in the region.” To reinforce these achievements, the ARF Ministers cited in particular: (1) The transparency promoted by such ARF measures as the exchange of information relating to defense policy and the publication of defense white papers; and (2) The networking developed among national security, defense, and military officials of ARF participants (About Us 2017).

However, both the ARF and its alternative diplomatic tracks, CSCAP and the Indonesia Workshop, have clearly failed in their propositions. It is for this and similar reasons that Western observers have derided the two groups as being little more than “talk shops,” due their inability to appropriately respond with action to security challenges in the Asia-Pacific and, more specifically, to developments in the South China Sea. The accusations about ARF’s performance include that the forum has become merely a confidence-building exercise without any capacity to interfere effectively to settle any disputes in the region. The necessary step forward into PD has been undermined by the usual disagreements over its scope, fearing it may touch upon the sensitive issue of non-intervention in states’ internal affairs. In addition, the limitations imposed by the limited scope and the focus on the ASEAN Way have also caused the ARF to be extremely ineffective despite the intensification of its activities. As pointed out by Swanström (1999), the ARF is all bark with no bite, adding that the group’s inefficiency has only worked out in favor of Beijing, who uses the ARF bottlenecks to divide and rule.

There are two relevant aspects of the eventual inefficiency of ARF efforts to establish PD mechanisms in the South China Sea. The first, as has already been mentioned, has to do with the understanding of sovereignty among ASEAN members, which naturally include Malaysia, Vietnam, and the Philippines as the main Southeast Asian states who are claimants in the South China Sea.

Second, the engagement of Beijing has proved ambiguous and extremely slow. After the Cambodian conflict in 1978, the necessity of developing conflict prevention mechanisms that could cope effectively with disagreements between countries in the region had become clear to all in

Southeast Asia. Beijing, however, did not understand that point so easily. China was negative about the ARF project, as it perceives ARF as a tool for eventual interference in its (Beijing's) internal affairs. Slowly, the PRC became more open to the forum's propositions and started to use them, in conjunction with CBMs, to prove Beijing's good intentions and the absence of any hegemonic and aggressive intentions (Swanström 1999).

Focusing on the Workshop Process on Managing Potential Conflicts in the South China Sea, the problem of a lack of consensus persists, even in the technical cooperation discussions. The workshop's founder Hasjim Djalal has argued that it is extremely difficult to convince the Southeast Asian states to adopt habits of cooperation on South China Sea issues (Djalal and Townsend-Gault 1999). However, in spite of its very prolific activities since its 1990 establishment, these workshops have encountered the same obstacles regarding sovereignty and China's genuine engagement. The result was that Indonesian-organized and Canadian-sponsored dialogues on the South China Sea failed to reach their goal of coordinating all claimant countries to work together in a meaningful way. Symbolically, the diffuse interests of each Southeast Asian state essentially turned the workshop into a *walk to nowhere*. In this regard, Malaysia has consistently been accused of having a lack of good will for being satisfied with the current status quo in the South China Sea and for working to effectively avoid any abrupt changes in the status of negotiations. Clearly this posture led repeatedly to the Philippines and Vietnam being very disappointed.¹⁵

Moreover, since the very beginning of the Workshops, critics doubted if the process could provide a basis for high-level political negotiations. The format of these Workshops, according to these critics, just reinforced the status quo and usually did not progress to promote the political momentum necessary to achieve a negotiated settlement (Snyder et al. 2001). In addition, the meetings failed to forestall confrontations and the escalation of bilateral tensions between some claimants such as the Mischief Reef incident in 1995. Hence, Snyder et al. argue that the eventual presence of oil and gas reserves assured by geological tests during the 1990s gave some claimants, namely Malaysia and China, a reason to intentionally delay any political resolution as they wait for more conclusive information regarding the area's economic potential (Snyder 1996).

As the two examples described in the introductory section show, the outcomes after decades of diplomatic endeavors have been highly disappointing. Hence, as pointed out, the sovereignty concept has been a

crucial factor in negotiations in Southeast Asia. The negotiation tracks, the non-interference in internal affairs, and the adherence to sovereignty claims have imposed a ceiling that is very difficult to break through. This element has been a negative determinant creating obstacles preventing the negotiation process from moving forward from the CBM level to PD, which the ARF Concept Paper established as the goal at the 1995 forum (Emmers 2009). These limitations have led both forums to spend too much time and effort focusing on dialogue and consultation, suggesting that the states “can simply keep talking forever without getting anywhere and never doing anything” (Quilop 2002, p. 19).

Moreover, insofar as the process has not reached its objectives or produced concrete results, the side effect has been greater mistrust and discouragement among the actors. For many, the main factor responsible for such inertia has been the adamant attachment to consensual decision-making. First of all, the decision to use this approach is itself a voluntary decision to move “at the speed of the lowest common denominator” (Quilop 2002, p. 20). In spite of this, while the approach respects the cultural values and political niceties characteristic of the Asian parties to negotiations, it also imposes a type of straightjacket in the form of the “imperatives of national interest.” This has undermined the ARF’s capabilities because the national interests of one state do not necessarily coincide with those of another—particularly regarding the South China Sea. Highlighting this perspective, Quilop argues that:

“For example, China has consistently opposed the possibility of the ARF moving forward to the promotion of preventive diplomacy measures. It argues that ARF should proceed at a pace comfortable to all participants, that it should focus instead on promoting confidence-building measures, and that preventive diplomacy may constitute an interference in the internal affairs of states. It appears that China is not comfortable with the idea of the ARF moving on to a preventive diplomacy mode.” (Quilop 2002, p.10)

These difficulties in accomplishing the task that the ARF imposed on itself are both the result of, and a contribution to, a continuum of mistrust. The process of consensus is grounded in the belief that, by not confronting a problem head-on and instead diverting it so that it does not stand in the way of broader cooperation, and by allowing time to pass, the intensity of the problem will eventually diminish and its importance reduce. While this is a very Asian approach to problem-solving, non-discussion of sensitive issues can also keep the process from moving forward and can be perceived

as an excuse to do nothing. Nonetheless, there is a general perception that ARF lost its momentum and became unable to respond effectively to security developments in the Asia-Pacific as whole. Due to all the political-diplomatic constraints on efforts to move beyond the promotion of CBMs, the forum has been unproductive in providing concrete actions. The same perspective can be applied to the program of Indonesia Workshops, which had its sponsorship terminated due its lack of concrete results since its establishment in 1990. Two events clearly confirm these perceptions. First, the decision of Malaysia and Vietnam to submit jointly in 2009 to the Commission on the Limits of the Continental Shelf was made without any heed paid to the internal mechanisms of ASEAN or the ARF whatsoever. By the same token, it has been clear that successive governments in Manila since the end of the 1990s have been running out of trust and patience with the regional process of engaging China, which—from Manila’s perspective—allowed Beijing to go on grabbing islands in Philippine territory in the South China Sea. As a result, in January 2013, the Philippines instituted arbitral proceedings against China at the PCA and, as Vietnam and Malaysia had done before in 2009, did not take regional diplomatic mechanisms into account when making its decision.

After taking all these bottlenecks into consideration, the question to ask is whether the hesitance of the ARF could possibly influence the regional military dynamic in the region. Among the factors affecting this military dynamic is a persistent lack of trust resulting from the chronic absence of transparency in military reports and arms acquisitions. Transparency is understood as one of the main CBM cornerstones and consequently a natural prerequisite to the establishment of PD. Therefore, the absence of such transparency will doom efforts to increase mutual confidence between ASEAN and China.

CONCLUSION

This chapter was aimed at detailing the concepts of CBMs and the contradictions that exist within the negotiation apparatus of the South China Sea disputes. It highlighted the internal constraints and the nature of the problems that stand in the way of any progress being made in transitioning from CBMs to PD, and the role of the ARF and other fora that mediate the disputes. In fact, the negotiating dynamic was experiencing a duel between those searching for a solution to accommodate all interests and those states seeking only to maximize their individual gains. Basically, the

first group is formed by the ARF and all elements that compose the Track II (Indonesia Workshop and CSCAP), while the second are the states that have demonstrated more assertive behavior, such as China.

The advantage has clearly shifted to the Chinese side. As there is no coordination among the members of ASEAN, the asymmetrical nature of relations has been reinforced. This way, negotiations have been only reactive to Chinese unilateralist actions rather than offering multilateral solutions. The accelerated pace of the construction of artificial islands in Fiery, Subi, and Mischief Reefs since 2014 have only reinforced China's dismissive attitude to the regional diplomatic process and underscored the inefficacy of that process. Thus it is evident that the CBMs essayed in the South China Sea disputes have clearly hit a ceiling largely because they were by design predicated on Beijing's willingness to discuss issues in good faith. Even when sensitive issues are discussed, the likelihood of transference of the outcomes to the highest levels in Beijing and other country's upper echelons of administration is minimal. The CBMs, therefore, have depended heavily on China's good will and whims.

To some extent, what is happening is a clash of worldviews. If CBMs are born with the belief that it is possible to build a consensus on indisputable issues such as sovereignty, China and other claimant nations will have shown the limitations of this approach. So far, the Chinese adherence to realism has dictated its path and constrained the possible results of the negotiation dynamic in Southeast Asia. This affirmation is grounded in the resistance of Beijing to change the current approach to negotiations, blocking it from moving forward, toward PD. The fact is that, without the active participation of the PRC, no solution to the South China Sea disputes will be permanent or effective on a practical and political level.

NOTES

1. Within this conceptualization, even the ASEAN-China Free Trade Agreement (ACFTA), despite its essentially economic character, can be considered a positive element in the construction of mutual trust between China and ASEAN. It took almost 10 years to develop. It promotes an intense exchange of information and imposes a new sophisticated level of communications during the negotiation process. It was signed in 2002 and implemented in 2010, and was upgraded in 2014.
2. The Declaration contains potential CBMs including: holding dialogues and exchange of views between military officials; ensuring just and humane

- treatment of all persons in danger or distress; and notifying, on a voluntary basis, other concerned parties of any impending joint/combined military exercises in the Spratly/SCS region (Song 2005, p. 273).
3. For more information about the 1975 CSCE, and the organization that derived from it, please see: Organization for Security Co-operation in Europe (OSCE)—available at: <http://www.osce.org/who/87> Access: September 16, 2016.
 4. The ASEAN PMC usually follows the Annual ASEAN Ministerial Meetings (AMM) among ASEAN foreign ministers. These meetings provide ASEAN foreign ministers with an opportunity to meet their counterparts from dialogue partners' countries. During the early 1990s, the PMCs provided a venue for ASEAN states to discuss security concerns, until the establishment of the ASEAN Regional Forum in 1994 (Anthony-Caballero 2005, p. 56).
 5. It is interesting note that the acronym "ASEAN" was used rather than "Asian," to reflect the leadership and prominence that ASEAN wanted to develop within the nascent forum, according to Caballero-Anthony (2005).
 6. It is composed of Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia, Japan, the Democratic Peoples' Republic of Korea, the Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Philippines, the Russian Federation, Singapore, Sri Lanka, Thailand, East Timor, the United States, and Vietnam.
 7. From 2010 to 2016, information is not available (List of ARF Track I Activities 2016).
 8. Namely Australia, Canada, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand, and the United States.
 9. The CSCAP currently has seven working groups: (1) Transnational Crimes Responsibility to Protect; (2) Study Group on Naval Enhancement in the Asia Pacific; (3) Study Group on Safety and Security of Offshore Oil and Gas Installations; (4) Study Group on the Establishment of Regional Transnational Organized Crime Hubs in the Asia Pacific; (5) Study Group on Countering the Proliferation of Weapons of Mass Destruction in the Asia Pacific; (6) Export Controls Experts Group (XCXG), a sub group of the Study Group on WMD, and; (7) Study Group on Multilateral Security Governance in Northeast Asia/North Pacific.
 10. These workshops were held in different places, including Bali, Bandung, Manila, Hanoi, and Hainan. They were composed of several thematic working groups, such as the Technical Working Group (TWG), Group of Experts Meeting (GEM), Marine Scientific Research (MSR), Marine Environmental Protection (MEP), Legal Matters (LM), Education and

- Training of Mariners (ETM), Safety of Navigation, Shipping and Communications (SNSC), and others (See Song 2005, p. 273).
11. A good example of this controversy was Michael Lund's (1995) article *Underrating Preventive Diplomacy*, a response to Professor Stephen Stedman's (1995) piece titled *Alchemy for a New World Order: Overselling Preventive Diplomacy*, both of which were published by the Council on Foreign Relations publication *Foreign Affairs*.
 12. Ralf Emmers argues that SCS claimants have been inflexible in their positions on sovereignty. Any compromise, such as retracting the territorial claims or eventual concessions on the question of sovereign jurisdiction "would be costly domestically and perceived regionally as a sign of weakness" (Emmers 2007, p. 49).
 13. The Asia-Pacific Economic Cooperation (APEC) is a regional economic forum established in 1989 aiming to respond to the increasingly interdependence of the Asia-Pacific economies. Currently APEC is composed by 21 members and has its headquarters located in Singapore.
 14. By the time of the ARF's creation in 1994, Southeast Asia had already experienced a series of clashes and quarrels between claimants' coast guard forces. However, it is important to highlight that the conflicts had existed since 1976, when China launched a war on Vietnam that resulted in the Chinese seizure of Paracel Islands from Hanoi. Later, in 1988, the two countries had another clash: Chinese and Vietnamese navies clashed at Johnson Reef in the Spratly Islands. Several Vietnamese boats were sunk and over 70 sailors killed. Therefore, the concept of the China Threat is real and concrete for all the states in the region. See the Global Security Organization website for a complete profile of these episodes: <http://www.globalsecurity.org/military/world/war/spratly-clash.htm>.
 15. It was inside of the workshops that relations between China and Malaysia improved significantly, from a bilateral point of view. In 2010, despite a refusal by the Malaysian authorities, Beijing offered Malaysia certain financial rights and cooperation treaties concerning gas and oil exploration (Swanström 1999).

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South China Sea as a Microcosm of Chinese Foreign Policy and Prospects for Asian Polarization

Dean Karalekas

INTRODUCTION

It is difficult for Western nations to develop a China policy that maintains coherence among different portfolios, as their relationship with the Asian giant takes on many different forms depending upon whether the discussion of the day centers on security, economics, human rights, or politics. There remains the fervent hope, kept alive by optimistic China hands in the US State Department and other countries' foreign offices, that consistent engagement on the economic front will yield to advancements in other areas through the mechanisms described by the liberalism school of thought, and that international rules and norms will be assimilated by Beijing through the process of globalization and regionalization, as constructivists envision. In yet other spheres, the policies of separate arms of Western governments are also driven by a realist framework, especially as regards military, security, and other strategic issues. Publically, policymakers who operate in real-world scenarios may express contempt for theory,

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but in practice they are increasingly well-educated in International Relations theory and often tend to rely on their own, sometimes unstated, ideas about how the world works in order to decide what policy to implement. Thus, there is an inescapable link between the abstract world of theory and the real world of policy (Walt 1998).

These theoretical underpinnings are sound, and have borne fruit in other circumstances and in other nations. For example, postwar Japan's close relationship with the United States can be understood through a combination of neorealism, neoliberalism, and constructivism, but only when taken together, as each theory is deficient alone (Wang 2000). These same lenses, when used in formulating China policy, have thus far failed to produce the expected outcomes. Events transpiring in the South China Sea (SCS) stand as testament to this fact.

Western liberal institutions and instruments and the introduction of market forces have not spurred democratic advancement in the People's Republic of China (PRC), despite promises to the contrary. The hope among China optimists that leaders in Beijing would relinquish even a modicum of power when confronted with new social forces challenging their rule has proved to have been unfounded (Ma 2007). Likewise, after two decades of employing a constructivist philosophy and drawing China in to the international order, Beijing has failed to redefine its interests to be more in concert with the ideas, beliefs, and norms of the international community: The essence of China's socialist market economy is far removed from a capitalist market economy, and Beijing is determined that it shall not be allowed to move toward neoliberalism in any way (Zhuang 2007). Indeed, an argument can be made that the reverse is true, and that the international community has adopted ideas, beliefs, and norms from China, at least insofar as its conception of the primacy of sovereignty is concerned and how this has contributed to the West's policy of adopting a respectful, hands-off approach toward anything Beijing declares a "core national interest" (Goldstein 2005).

How has China managed to defer expectations and resist the forces of assimilation and accommodation described by both liberalism and constructivism? For one thing, in contrast to the combination of often conflicting theoretical frameworks employed by Western nations in drafting China policy, leaders in Beijing have managed to maintain a largely unified schema when dealing with the outside world, and particularly the acknowledged hegemonic power in the region, the United States (Bachman 1998). It has accomplished this thanks to an apparently deep understanding of the theoretical frameworks through which Western

nations formulate policy, and manipulating expectations while adhering rigidly to a foreign-policy tradition grounded in *realpolitik*.

Strong Central Government

The misperception on the part of the West has consistently been that the Chinese Communist Party would be amenable to a sort of political opening and adoption of liberalist ideals as they are expressed in Western legal systems, and that this would be brought about through the mechanisms of engagement. In fact, significant differences remain between Chinese and Western conceptions of the role of the State, though contestation and diversity inherent in both make sweeping conclusions impossible (Angle 2002). Suffice it to say that while Westerners generally view concepts such as equality and democracy as universal, they are seen as foreign constructs by the ruling classes throughout Asia and are strongly resisted, even though the advantage of paying them lip service when dealing with the West is well-known and employed widely. Concepts such as the Western models of democracy and individualism are inherently chaotic and devoid of strong, central order. This is not to say that policymakers in Western nations must not continue to push Beijing to engage constructively and peacefully with its neighbors in order to address their competing SCS claims; on the contrary, such efforts must be heightened. They must, however, first appreciate and understand the root cause of this resistance, and how and why it manifests itself.

Part of the fear felt in Beijing at the prospect of a weak central government comes from China's long history marked by alternating periods of totalitarian order and war-fuelled chaos, which has taught students of history that disorder leads to conflict, poverty, and death; it is to be vehemently avoided. A harmonious and prosperous society (Dorn 2006), therefore, is the highest aspiration of any governance structure, not only because it is a value that tacitly blesses the imposition of authoritarian forms of order from above, but because it is consistent with the major worldviews predominant in East Asia; Confucianism and its variants. Chinese and Western notions about international maritime legal and normative issues parallel the gulf between Chinese and Western views of the nature of the international order and the centrality of the Middle Kingdom (Metzger 2007), and this is not about to change.

There are four general categories of predictions about the political future of China, and hence the approach Beijing is likely to take in dealing

with its SCS claims. The first is a continuation of the status quo. The second predicts a continued evolution toward an even stronger form of authoritarianism. The third previsions a descent into chaos, while the last is a gradual transition to democracy (Gilley 2006). While the first school of thought is somewhat disingenuous, and is often a position embraced by those who fear both prediction and action, the last is the one most favored by Western scholars, policymakers, and businessmen, because it feeds their desire to effect change through engagement—the very essence of constructivism, as well as of a Christian-influenced worldview—and provides a convenient justification for doing business with the type of government that, prior to the end of the Cold War, would have been seen as unacceptable. It is no surprise that the only two realistic options are the two that are borne out by history. As this chapter seeks to illustrate, Beijing’s prosecution of its SCS claims represents an ideal test case from which to draw conclusions that are relevant to the direction events will turn not only in China, but also in the Asia-Pacific region as a whole (Tang and Zhang 2006).

China’s Rightful Place

History teaches that for more than 3000 years, China has been rising and falling in its centrality in Asian affairs (Huisken 2002). When China is weak, she is very weak: when she is strong, she is the very axis around which all of Asia rotates. Because of China’s great size, population, history of civilization and culture, and more recently, its strong economy, Chinese leaders believe that they have a rightful place at the table of the great powers, and the right to claim as their own the SCS territory encompassed by the Nine-Dash Line, rather than heeding the claims of lesser nations. This is more than a belief, in the Western understanding of the term; it is a near-religious conception of the political structure on Earth mirroring the way it is established in Heaven. Hence China’s moniker, “The Middle Kingdom,” and the romantic notion of it being a civilized state surrounded by uncultured barbarians (Stuart-Fox 2003). For the past 200 years, China has been weak (Buzan and Foot 2004). Today, however, she is on the verge of becoming strong once again, and expectations among the Chinese people and government power holders are extremely high. To that end, an effort was embarked upon to accomplish what has euphemistically been called China’s “peaceful rise” (after 2004, the less threatening term “peaceful development” was used). While many analysts assess this

term as being little more than bureaucratic propaganda (Shambaugh 2007), it is not an inaccurate one. Admittedly, there is a gap between Beijing's use of the term and the way in which it was interpreted by Western observers who (whether they were sympathetic to a rising China or not) inferred that Beijing intends to rise to a position of leadership within the region, and the world, and to use that power in order to help maintain a Western conception of peace. In fact, it should more accurately be viewed as an expression of Beijing's desire for an avoidance of military conflict during its period of growth, and thus the need for an environment of regional and global stability in which to rise to a position of economic, political, and military influence until such a time as it can inherit the mantle of regional leadership from a weary United States.

Indeed, Beijing leaders appear to have deemed this "peaceful" developmental phase to have ended, and since 2010 China has been assuming a more proactive and assertive role in the region, leading to mounting tensions in the SCS, as this body of water, dotted by islets, rocks, and atolls, appears to be the testing ground on which Beijing has chosen to test its role in Asia—or to be more precise, the role it hopes to assume in Asia.

Ostensibly, Beijing, as well as the governments it opposes regarding sovereignty over the SCS, is seeking proprietorship over the land for the petrochemical resources believed to exist underneath many of the SCS islands, and certainly this potential source of wealth is cited in most Western accounts of the tensions in the region. But this is another fallacy wrought by the Western perspective failing to appreciate the motivations of leaders in the region. In fact, the great diplomatic rows and near-military clashes over the diminutive dots of land have more to do with nationalism, pride, and which country is in control in the region. In other words, it is far more a cultural and emotional imperative than one based on access to oil.

The methods employed by Beijing in its attempt to wrest control of the islands from the other claimants in the region are instructive of that government's view of conflict, and how to win engagement both diplomatic and military. A good example of these methods was the one that took place not in the SCS, but in the East China Sea, where the dynamic between the counterclaimants over island and rock formations there are virtually an extension of those in the SCS.

On September 7, 2010, a fishing trawler from China intentionally rammed two patrol vessels of the Japanese Coast Guard while fishing in waters near the Senkaku (Known as Diaoyu in Chinese) Islands, which are

claimed by both countries, as well as by the Republic of China (ROC). The Japanese officers took the captain of the Chinese vessel into custody, spurring Beijing to push Japan for his release. The methods employed by Beijing to put pressure on Tokyo in this incident are worthy of close examination, as they offer an insight into how Chinese leaders view the various channels of relations between countries as potential weapons, and how the aforementioned consistency in the theoretical underpinnings of Beijing's foreign policy among different portfolios can quickly be beat into swords and deployed in a time of conflict.

On the official front, in a breach of diplomatic protocol (Senkaku Boat Incident 2010) that analysts believe was specifically designed to provoke a reaction, the Japanese ambassador to China was repeatedly summoned—at one point in the middle of the night—to listen to Chinese expressions of anger over the incident. In the area of cultural ties, Beijing canceled planned cultural exchanges and postponed high-level meetings on unrelated topics with officials from Japan. In the realm of tourism, four Japanese nationals in China were arrested for ostensibly trespassing into a military area. Most distressingly, on the economic and trade front, China blocked the shipment of rare earth metals to Japan. Finally, the government either tacitly or implicitly fomented anti-Japanese sentiment among the population leading to anti-Japanese riots in the streets and vandalism of Japanese businesses in China. Faced with this onslaught of pressure being brought to bear on all fronts, the relatively inexperienced administration of then-Japanese Prime Minister Naoto Kan conceded, releasing the Chinese captain and giving the victory to China.

Although it may seem counterintuitive that a relatively minor maritime encounter should be escalated into one of the most intense diplomatic standoffs in recent years between the two most influential and responsible nations in the region, it suggests that China saw itself adopting a new role in the region, one more commensurate with its economic and growing military might, and that it is willing to use multiple unrelated tools to pressure countries into aligning with its interests, or at least to not actively oppose them (Shiraishi 2010). This stands in stark contrast to the practice of de-linking separate issues; for example, when Western governments give China's human rights record a pass in order to deepen economic ties. Beijing was called to task for this practice after it initially donated a paltry US\$200,000 in aid (and half of that was via the Red Cross Society of China) to the Philippines following the deadly typhoon Haiyan that hit on November 8, 2013, killing 7500 people and causing US\$12 billion in

damage. In contrast, Japan (US\$10 million), Australia (US\$28 million), and the United States (US\$20 million) offered more substantial sums, with the latter deploying the USS *George Washington* carrier battle group to conduct Search and Rescue (SAR) and Humanitarian Aid and Disaster Relief (HA/DR) operations. Even the furniture chain Ikea gave more aid (US\$2.7 million) to the victims of Typhoon Haiyan. The reason for China's small offering was that it was linked to the ongoing dispute at that time over territorial holdings in the SCS, and Manila had been, at that time, energetically defending its claims against Beijing's counterclaims; in this case, by launching an international arbitration case and renewing its close military alliance with Washington. In the end, China was shamed into offering more aid (US\$1.6 million: still less than the Swedish furniture giant), but the incident provides analysts with an insight into the minds of Chinese policymakers: it reveals a lack of compassion and a willingness to employ every tool in the diplomatic toolbox to advance China's national aims. While the same charge—that all countries seek to advance their own foreign-policy goals—has been made against other nations, there are few examples elsewhere that can compete with the level of callousness Beijing displayed in the Hainan incident (Coutaz 2017).

Beijing clearly sees its economic, trade, and cultural integration with other nations as a strength: it has developed leverage that can be used to exert pressure over other actors through multiple channels, some of which are unrelated to the issue at hand, and is unafraid to employ this multifaceted approach. From a strictly realist perspective, this behavior helps China to achieve its goals on foreign-policy issues such as the SCS claims. From the perspective of China's neighbors, however, this tendency is not only an impediment to constructive cooperation, but it tarnishes Beijing's international image, and only serves to alienate the regime and stand in the way of its ever being considered a "responsible international stakeholder," as other countries have long hoped it would.

Given this alienation, and the informal anti-China alliance that has been developing as nations that feel threatened by China's all-encompassing claims over the SCS have been pushed closer to the United States, Beijing has responded by behaving even more aggressively and being less willing to seek compromise, thereby creating an international-relations feedback loop of sorts that will lead to increased polarization of the region. Further evidence of this newfound unilateralism could be found in China's placement, in early May 2014, of the Haiyang Shiyou 981 oil rig in Vietnamese waters near the disputed Paracel Islands. Despite protests from the Vietnamese

government and condemnation by that country's own Communist Party, the incident continued to enflame tension, with riots breaking out and directed at Chinese-owned and Chinese-run factories in Vietnam, and fishing, law-enforcement, and other vessels engaging in dangerously close-quarter maneuvers in reciprocal attempts to count coup in the immediate area. Like the Senkaku incident involving Japan, China was the clear aggressor here. These events are compelling evidence that the Senkaku incident was not motivated by anti-Japanese sentiment so much as an increasingly assertive regional role being adopted by China.

Methods of Influence

China's focus on operating in the international arena based on the principles of unreconstructed realism makes this country different from much of the rest of the world, particularly the most developed countries, which increasingly operate based on the principles of liberalism, as well as a surge in constructivism (Zehfuss 2002). As a result, there is a disconnect between goals, perceptions, and visions of the future of Asia in terms of regionalism and what form that should take.

Whereas Western scholars and, increasingly, policymakers see multilateralism as the ultimate end of the evolution of politics and the long-awaited establishment of truly global utopia, China's relationship with the concept is a very pragmatic one: it has supported such efforts only so long as they have brought it closer to a position of regional influence. Its handling of the SCS claims is exemplary of this dynamic, particularly as regards Beijing's manipulation of the Association of Southeast Asian Nations (ASEAN): a multilateral regional grouping in which Beijing exerts influence. Witness the pressure on member country Cambodia to end the ASEAN regional conference in 2012 without issuing a joint statement—the first time this had happened in the group's 45-year history. This was echoed four years later when the statement issued after the 2016 ASEAN-China meeting was hastily retracted (Souza 2017). In both cases, it was attributed to Chinese influence on member countries because Beijing was unhappy with the content of the statements related to events in the SCS. Thus, while Beijing has a clear and longstanding preference for bilateral relationships, informed in part by the Chinese Communist Party's well-documented success with United Front tactics, it clearly tolerates the existence of ASEAN and other regional groupings and has made a strategic decision to engage with them insofar as it can control the outcome of such groups' efforts. While this

engagement has been praised by some, looking as it does on the surface that China is embracing the multilateral exercise, in fact it is merely tolerated as a means to achieve realist-based goals: specifically, the goal of assuming the mantle of regional hegemon.

It should be noted that the main focus of China's hegemonic ambitions are regional, rather than global: at least for the time being, although some analysts hold that China's grand strategy is to eventually emerge as the world's only superpower, and that this might happen by as early as 2050. Still, despite repeated statements to the effect that China has no ambitions of displacing the United States as the regional hegemon, an examination of its actions in the SCS tells a different story. In fact, China is going about this very effort in a variety of ways and on a variety of fronts (Itzkoff 2003, Brooks and Wohlforth 2016).

STRONGER TIES

The Communist Party of China is known to be an advocate of the United Front tactic of divide and conquer. The recent aggressiveness exhibited by Beijing in the SCS seems to have had the opposite effect, however, and the countries in the region that Beijing had hoped would follow its lead in a modified modern-day iteration of the ancient tributary system have instead begun uniting in opposition, particularly by falling into closer orbit around the American sphere of influence.

Vietnam, over the past half decade, has turned from being a cautious former enemy of the United States to becoming an emerging US ally, with Washington signing a bilateral nuclear cooperation agreement with Hanoi in December 2013, and lifting a ban on lethal weapons to Vietnam in May 2016. Vietnam is inching closer to its erstwhile enemy in part due to fears of a rising China, which has its sights set on seizing the Spratly and Paracel islands. Even Burma which, being run by a military junta, appeared to be just the sort of government to which the Beijing Consensus was designed to appeal, appears to be seeking a diversification of its security options in the face of the end of China's peaceful rise. On January 13, 2012, the US Secretary of State Hillary Clinton announced the USA will exchange ambassadors with Burma, after Naypyidaw issued a landmark amnesty for Burmese political prisoners and began to take tentative steps toward democratization, Washington reciprocated with a January 2012 announcement on the exchange of ambassadors, as well as an easing of sanctions later that same year.

These and other developments among SCS claimants represent a trending toward nations of the Asia-Pacific region seeking to safeguard their sovereignty, currently under threat by an increasingly bellicose China, by embracing stronger ties with the region's long-time security guarantor, the United States. For its part, Zhongnanhai is incapable of understanding this distrust of China, charging those who do not want to see a return of the tributary system in a Sino-centric Asia with seeking to contain China, and seeing China as a threat. Leaders in Beijing, it should be noted, do not believe they are a threat, but rather that they are the inheritors of the Middle Kingdom which has a natural authority to rule.

On the other side of this emerging polarization of the region, we see a situation similar to Vietnam's and Burma's about-face, only this time in reverse. In April 2014, Manila signed a 10-year defense pact with Washington allowing US military personnel and equipment to be essentially stationed in the Philippines—the deal would help assure a quicker US response should Beijing make a move to annex the Scarborough Shoal or Second Thomas Shoal, which are administered by the Philippines but claimed by the PRC. This represented a step forward in the security relationship between the two countries that has been a difficult one since the closure of American bases in the Philippines in the early 1990s. For a brief time, it appeared as though Manila was aligning itself with Washington, and had even scored an important legal victory against Beijing when the arbitral tribunal at The Hague issued its award in favor of the Philippines' position in the aforementioned appeal, ruling that Beijing had no historic title over the SCS formations. Shortly thereafter, ardent anti-American politician Rodrigo Duterte was elected Philippine president, and he quickly backtracked on the rapprochement with the United States and began aligning his country with China. This shift in alignment was as surprising as that of Burma, and only adds to the inevitable conclusion that nations in the region are gradually taking sides in an emerging polarization that risks leading to a regional cold war.

THE GREAT GAME

Already there have been indications in Washington that a realist perspective is gaining ground in Asia policy, although in such a way as to cause hawks some distress. High-level academics and military officers have been promoting the concept of “offshore balancing,” which is an offshoot of realism in which an overstretched United States removes its ground forces

from Asia and gives the lead in maintaining security and executing US foreign policy to the US Navy (Holmes 2011). With a lower profile in the region, the United States would presumably spark fewer anti-American sentiments, they reason. It would also greatly embolden the Chinese. Unfortunately such a policy would necessarily entail the abrogation of the United States' security alliances in the region in order for nations such as Japan and South Korea to assume responsibility for their own defense—an act that would be seen as a withdrawal from the region. According to James Holmes, an associate professor of strategy at the US Naval War College, the adoption of such a strategy could strip the United States of its credibility, as well as the forces and staging points required to return to the Asian theater if needed.

The form that this increasing polarization will take is likely to be the political bifurcation of the SCS, and indeed the greater Asian region, and the possible emergence a regional cold-war scenario, possibly within the next decade. Depending how events play out in Russia and Europe, and failing any radical shift in global geopolitics, this regional trend, if allowed to continue, will likely assume a global element by 2050 with China achieving the superpower status it desires, likely in partnership with a revanchist Russia. This is especially true if Chinese neo-colonial efforts in Africa continue to consolidate and spread to Latin America. Indeed, many in the developing world are already in the Chinese—or at least the anti-American—camp, and Russia has, under Vladimir Putin, been marching back toward a redrawing of the Soviet Union map and a return to a bipolar world.

SUMMARY

Analysis in the wake of the rise of China generally falls into one of three paradigms. Many old-school analysts use the framework of realism to assess the impact of a growing China, seeing it as a potential game-changer in the existing US-led unipolar global order. There are some in the American foreign-policy community (particularly the US military) that operate under this rubric, but most adhere to the second worldview; liberalism, whose proponents optimistically predict that deep engagement with China will inevitably lead to its integration into a globalized world order. Finally, proponents of constructivism predict that Chinese state interests will be remade in the image of those of the international community to which it belongs. None of these theoretical foundations is

adequate to explain China's aggressive handling of its SCS claims, however, as they each fail to take into account the historical and cultural forces still defining the region and the ethnocentrism that drives an approach to international relations in which the sovereignty of the nation-state is paramount (Kang 2007).

It has been said that the United States often acts unilaterally but for global ends (Krauthammer 2002). What we see in Asia is quite the opposite: China is acting globally but for its own ends. This paradigm for understanding China's actions as being in the service of establishing a new regionalism in Asia helps explain some seeming contradictions. For one thing, words such as inclusiveness and openness are used in public, whereas the regional cooperation envisioned by Beijing is exclusive and implicitly not accepting of any but racially East-Asian members. Again, while much lip service is paid to the concept of achieving a new Asian regionalism, in practice this represents a multilateral lack of opposition to a course of action chosen by China and in which China enjoys a greater degree of freedom of action than it would as a member of a truly multilateral body like the European Union. Finally, Beijing claims outwardly that it wants to cooperate with the United States to jointly develop a regional architecture, while its actions are explicitly anti-American and clearly aimed at pushing back US influence in the region.

These events are taking place in the SCS, but they are happening in concert with major structural changes to the international system, including the rapid spread of Islamic terrorism in the West, the cracks appearing in the unity of the European Union in the wake of Brexit, a militarily overstretched United States, and faltering globalization. Within this maelstrom, China has adopted a strategy of using policies with the outward appearance of liberalism to promote and defend its conception of regionalism as a means of augmenting its own influence and eventually displacing the United States as the hegemonic power in Asia.

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Science Diplomacy and Dispute Management in the South China Sea

James Borton

INTRODUCTION

Rival countries have wrangled over a string of atolls, coral reefs, and islets in the South China Sea for centuries but now these competing claims are viewed as a serious challenge to peace and prosperity in the region. These disputes, which are associated with continuous coastal development, escalating reclamation, and increased maritime traffic, also draw attention to the destruction of coral reefs and the overall environmental degradation in the troubled waters. Furthermore, they reveal how claimant nations—the People’s Republic of China (PRC), Vietnam, the Philippines, Malaysia, Brunei, and the Republic of China (ROC) on Taiwan—have a legal and ethical responsibility to ensure that none of their activities harm or create long-term damage to the fragile marine ecosystems.

Efforts toward diplomatic or even legal solutions for this maritime flashpoint seem to have deadlocked all parties, including the 10-member

The author expresses his appreciation for research support provided by Le Thu Ha, a fellow in the Asian Dialogues Program at the Carnegie Council.

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J. Spangler et al. (eds.), *Enterprises, Localities, People, and Policy in the South China Sea*, Critical Studies of the Asia-Pacific,

https://doi.org/10.1007/978-3-319-62828-8_10

Association of Southeast Asian Nations (ASEAN) since they cannot agree or chart a course to promote sustainable ocean governance. Mark Spalding, president of the Ocean Foundation, believes that the 625 million people of the 10 ASEAN nations depend upon a healthy global ocean. Meanwhile, coral reefs are dying as a result of an ecological catastrophe unfolding in the region's once fertile fishing grounds. As reclamations destroy more marine habitats, agricultural and industrial run-off poison coastal waters, and overfishing depletes fish stocks, it is no wonder that more marine biologists are expanding their discourse about the importance of using a rules-based ecological approach to protect the environment.¹ Through studying the sustainability of the biological seascape and navigating the development of science diplomacy to prevent geopolitical battles over the management of marine resources, marine biologists' efforts to respond to the damage done to the "Global Commons" will require scientific forums and collaborative problem solving among all neighbors.

Enter science diplomacy. For several decades, science has been adopted as a diplomatic tool for peace building by many countries, including the United States, and there are many organizations that strengthen global scientific relationships. In 1961, then US President John F. Kennedy established a science and technology cooperation agreement with Japan in an effort to restore the intellectual dialogue between the two countries after World War II. Another example is the American Association for the Advancement of Science. Formed in 1848, the association is the largest scientific organization in the world and houses a Center for Science Diplomacy that effectively builds scientific cooperation and collaboration. The Center's journal, *Science and Diplomacy*, provides a forum for open policy discussion. The International Institute for Applied Systems Analysis International Institute for Applied Systems Analysis (IIASA) was established in 1972 by representatives from the Soviet Union, the United States, and 10 other Eastern and Western bloc countries to "use scientific cooperation to build bridges across the Cold War divide, and to confront growing global problems on an international scale" (International Institute for Applied Systems Analysis 2016). Since then, the institute has developed a mission with the help of 24 national member organizations to "bring together a wide range of scientific skills to provide science-based insights into critical policy issues in international and national debates on global change, with three central research focuses" (Ibid.).

Although nation states have different approaches toward science diplomacy, in general this type of diplomacy is defined by the American

Association for the Advancement of Science (AAAS) as: (i) science in diplomacy (science to inform foreign policy decisions); (ii) diplomacy for science (promotion of international scientific collaborations); and (iii) science for diplomacy (establishment of scientific cooperation to ease tensions between nations) (The Royal Society 2010). In that sense, it is widely accepted among environmental policy planners that science diplomacy positively contributes to the terms of conflict resolution.

Peter D. Gluckman, a chief science advisor to the Prime Minister of New Zealand and chair of the International Network for Government Science Advice, promulgates how science influences policy. “But as we have seen in the complex processes associated with the Intergovernmental Panel on Climate Change (IPCC), sometimes very elaborate processes are needed for globally driven science to influence domestic policies and to diminish the role of national interests in shaping the science. It could be argued that the elaborate nature of the IPCC exercise was the inevitable outcome of a situation where very distinct national interests and values were at play with regard to the economics of climate change. Inclusiveness builds trust, so it was important for the IPCC to broaden the scope of expertise and clearly demonstrate that the scientific consensus was international” (quoted in Knoblich 2014).

As such, science diplomacy is not a completely new approach to international relations in general, and to South China Sea dispute management in particular. However, at this moment it seems that this type of diplomacy has raised two important questions in efforts to successfully settle the South China Sea dispute, namely: Should we do it? And can it be successful?

The chapter addresses both questions by examining the characteristics of science diplomacy in the South China Sea dispute from both a historical perspective and from analysis derived from scholars and policy shapers who were explicitly interviewed for their ideas on this issue.

SCIENCE DIPLOMACY: MORE GAINS THAN LOSSES

If cost benefit analyses are applied to the methods used for settling the South China Sea dispute, science diplomacy would be among the first selected because it can bring about many benefits while its implementation does minimal harm to the settlement process. As Professor Paul Arthur Berkman, a recognized oceanographer and former head of the Arctic Ocean Geopolitics Program at the Scott Polar Research Institute says,

“science contributes fundamentally to the implementation of sustainable development strategies that seek to balance environmental protection, economic prosperity, and social justice into the future” (Berkman et al. 2011). This insightful understanding of historical and scientific perspectives in the context of both Arctic and Antarctic environmental policies offers valuable lessons for possible adoption in the South China Sea.

In the first place, science diplomacy helps by directly and indirectly promoting confidence building among the parties involved in the South China Sea dispute. Science diplomacy, characterized by scientific cooperation activities, has contributed to solving many trans-boundary issues among nations sharing the same marine waters and in marine areas beyond national jurisdiction (Nguyễn 2016). Environmental monitoring successfully offers a context for countries to express their true perception of the region without being affected by other nationalistic, political, or economic factors like sovereignty or foreign policy direction. As a result, it provides claimants and other parties involved in the South China Sea with an effective way to evaluate the political willingness of other partners and policy makers among the claimants (Ibid.), as well as a better understanding of the overall picture of what is happening in the South China Sea. Consequently, claimants can be more confident in future cooperation on other issues. In other words, science diplomacy can establish a useful and convenient starting point for regional cooperation to deal with not only international environmental problems but also the achievement of a South China Sea settlement in particular and the region’s prosperity and peace in general (Hong 2016).

Secondly, science diplomacy offers a much-needed strategic pause in the rising tensions in the South China Sea. The landmark Tribunal Award issued in the Philippines versus China arbitration case on July 12, 2016, outlined in points 12 and 13 that “with respect to the protection and preservation of the marine environment in the South China Sea, China’s land reclamation and construction of artificial islands, installations, and structures ... has caused severe, irreparable harm to the coral reef ecosystem” (Plakokefalos 2016). Furthermore, it denied the Chinese any legal basis to claim historical rights over a vast majority of the South China Sea. It was a striking victory for the Philippines, which filed the case. Among many dramatic findings, the tribunal declared China’s Nine-Dash Line invalid. The situation in the roiling sea became highly sensitive when China was under pressure to save face (Page and Moss 2016) while the Philippines met with the challenge of having to “do something” after the

legal victory (Moss 2016). More importantly, the competition in the South China Sea was no longer resource- or legal-oriented, but it became a strategic and territorial dispute. As a result, without careful consideration, any country's response can easily trigger an armed conflict. It would therefore be wise for parties to pause and look for other options to settle the dispute instead of desperately seeking some endgame solution.

Science diplomacy can fulfill these requirements. In fact, cooperative science activities do not have any effect on the status quo of the South China Sea disputes. However, it keeps alive the hope for a solution to these disputes by creating a myriad of activities with all of the involved parties engaged instead of freezing activities and deadlocking the South China Sea issue, especially with regard to environmental and economic aspects.

The role of science diplomacy in solving illegal fishing in the South China Sea can be seen as an example. Fishermen act as sentinels in maritime territorial disputes where nations already employ naval forces to bolster their sovereignty claims. In the contested waters, clashes between the claimant governments and foreign illegal fishermen continue. In that regard, the prospect of South China Sea claimants going to war over access to fishing waters is a real and immediate threat (Bergenas and Knight 2016). However, compared to other issues like the claims over sovereignty, science diplomacy's approach to fishery collapse may be one of the most urgent but least sensitive problems, as it can be solved without provoking nationalism and other traditional concerns which are currently much higher than they need be in the region. Simply put, science diplomacy provides the parties involved in the South China Sea disputes with a rational and transparent way to avoid the worst while looking for the best.

Scientific literature and research during the 1990s has attempted to better conceptualize the link between the environment and politics. Professor Rasmus Gjedso Bertelsen, Chair in Politics at the University of Tromsø—The Arctic University of Norway and a non-resident senior research fellow at the Institute for Security and Development Policy in Stockholm, recognizes the continuum that exists from the clear military national security competition and strategic nuclear interests to human and environmental security questions, and that parties can work together in the Barents Sea and the Pacific Arctic. He states, "it is tempting to believe that a full-spectrum collaboration from national security to human and environmental security (including a science diplomacy) approach could build trust" (Bertelsen and Gallucci 2016). However, he suspects that the

dynamics of the South China Sea in comparison with stable Barents Sea and Bering Sea delimitations makes such an approach void in the South China Sea.

Finally, the benefits of science diplomacy can extend beyond the South China Sea dispute itself. While most of the political and military efforts toward South China Sea disputes are limited to dispute resolution or management only, science diplomacy also provides some other collateral benefits. This fact is visibly expressed in the way that regional claimants deal with the wide range of non-traditional security issues in which science diplomacy serves the purpose of not only settling the South China Sea dispute, but other regional issues as well. These issues include the following: trans-boundary crimes, economic development and environmental protection, climate change, coastal pollution, coral reef destruction, over-fishing exploitation, ocean acidification, and endangered marine protected areas. In an article in the *Philippine Daily Inquirer*, Fidel V. Ramos, the former president of the Philippines (1992–1998) and a member of the ASEAN Eminent Persons Group, stated that environmental cooperation could promise to bring about “mutually beneficial efforts to improve tourism and encourage trade and investment, and to promote exchanges among think tanks and academic institutions on relevant issues” (Ramos 2016).

For example, when it comes to economic development, the coral reef ecosystem services value in the South China Sea is \$350,000/ ha/year (Gomez 2017). If correctly taken advantage of, this can be a valuable contribution to poverty alleviation, which is urgent in the region. The United Nations Environment Program’s (UNEP) project, “Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand,”² is recognized as one of the very first acts of science diplomacy to deal with the South China Sea dispute at the regional level. UNEP’s actions included “a series of national and regional management plans for specific habitats and issues; a suite of demonstration management activities at sites of regional and global significance; a framework regional system of fisheries refugia in the South China Sea and Gulf of Thailand; and pilot activities relating to alternative remedial actions to address priority transboundary pollutants and adopted water quality objectives and standards” (UNEPSCS 2017).

Professor John McManus of the University of Miami’s Department of Marine Biology and Ecology is an internationally recognized coral reef specialist. McManus believes that, over the next several years to 2020 and

beyond, the dual challenges of rising demand from growing populations and economies are on a direct collision course with over-exploitation, pollution, habitat destruction, and climate change. As it is, the devastation has advanced so far that merely mitigating the present depletion appears pointless, and a policy goal of mere sustainability seems inappropriate (Pitcher et al. 2000). Nevertheless, it is evident that science diplomacy practices in the South China Sea now not only need to urgently address the disputes but also other aspects of international discord. With the benefits that science diplomacy can bring about, it should be placed in serious consideration among policy makers while finding an initiative to settle the South China Sea dispute.

SCIENCE DIPLOMACY: A MISSION POSSIBLE

In order to be an effective policy, an initiative needs to be not only beneficial but also possible. And science diplomacy has proven itself as eligible.

The first reason that science diplomacy is qualified to take on this task is that all claimants and other parties involved in the South China Sea disputes, to some extent, are now capable of adopting it. From an economic point of view, when comparing the expenditures that a country may make pursuing other methods of solving the South China Sea disputes (from military to multilateral diplomacy or a summit), science diplomacy seems quite affordable, even for developing countries like Vietnam and the Philippines. In fact, while it is hard to draw an exact comparison of the expenditures a government provides for other ways of solving the South China Sea disputes, it is apparent that science diplomacy is among the few methods that even non-state actors can engage in and donate to without any barriers to their participation. This is in sharp contrast to many other situations where state agencies are mere actors authorized to fund these activities (Parameswaran 2016). The reason for this difference comes from the way types of diplomacy are interpreted. While military and economic initiatives can be seen as the actions of one country protecting its sovereignty and are directly related to national defense, the involvement of any non-state actor is inevitably a sensitive subject and considered inappropriate. Science initiatives are more widely accepted as an effort to solve global issues that require contributions from all players in the international relations arena. For example, the 2009 United Nations Environment Program (Yap and Brann 2009) joined by Cambodia, China, Indonesia, Malaysia, Philippines, Thailand, and Vietnam, is 53% funded by participant governments, while 44% comes

from the Global Environment Facility Trust Fund, and an additional 2% from the United Nations Environment Facility (UNEP 2001). This is a win-win solution. On the one hand, it not only makes science diplomacy-related initiatives financially possible, but also makes public policy effective with the aid of non-governmental organizations (NGOs) that are adept at sharing information to raise awareness. Furthermore, it builds capacity at the community level. These types of solutions help non-state actors to get what they want, namely new markets and business opportunities, with a special focus on those that combine their business interests with their goals for corporate social responsibility in the private sector, or their goals to enhance people's quality of life in every aspect. Simply and economically speaking, science diplomacy is seen as all "carrot" with no "stick" (Bergenas and Knight 2016) for dispute management in the South China Sea.

In political terms, science diplomacy is a safe approach for all governments. Regarding this, Dr. Sophie Boisseau du Rocher, a senior researcher and associate at the Paris-based, claims that "Scientific programs obviously serve the interests of both China and the Southeast Asian countries: areas of cooperation are numerous and the easiest ground to establish regional cooperation regimes. In this sense, collective scientific work or the adoption of functional standards could contribute toward defusing threatening attitudes" (Boisseau du Rocher 2015). While economic or military cooperation requires strong consideration for signs of foreign policy direction, scientific cooperation is much more neutral, even in conflict-torn countries, since they can cooperate with each other in scientific projects "to affirm and to improve human life" without worrying about misleading the international community about their foreign policy orientation or invoking domestic anger because of shaking hands with the "wrong partners." This type of relationship is clearly seen in the science cooperation agreements between political opponents like the United States, the Union of Soviet Socialist Republics (USSR), and China in the 1970s and 1980s in the midst of the Cold War (The Royal Society 2010) and among conflicting parties in a dispute like the Joint Oceanographic and Marine Scientific Research Expedition in the South China Sea (JOMSRE-South China Sea) which includes the participation of other ASEAN member countries, China, and international organizations in the next phase (Bensurto 2011).

Professor Sandra Cassotta, an international legal scholar at Aalborg University in Denmark, claims, "The role of science diplomacy is linked to economic opportunities and for China it is also linked to the status of international waters, the law of the sea, and its strong desire to maintain

its sovereign rights (continental shelves)” (Cassotta 2016). She thinks that a better understanding of China’s position as a global power using the role of science diplomacy would focus on the parallels between the role of China in the South China Sea, the role of China in the Arctic, and the role of China in Antarctica.

Looking at science diplomacy from a social perspective, it receives societal support more easily than any other type of diplomacy applied to solving the South China Sea issue. In the first place, science diplomacy serves essential needs in the lives of human beings. While other types of diplomacy tend only to solve issues at the state level, like sovereignty or territorial integrity, science research cooperation in the South China Sea is aimed at a more “down-to-earth” approach, namely ensuring that fishermen can fish safely, marine products for human beings are unpolluted, and marine resources are protected correctly.

Dr. Chu Manh Trinh, a Vietnamese senior expert in marine science, claims, “The coral reefs in Paracel and Spratly islands need to be carefully protected for the whole East Sea Region, that is not only for the life of fish but the life of people in East Sea Countries and the World. We need to have more dialogues and cooperation to protect and conserve these natural resources for human beings” (Chu 2016). Therefore, social consensus for this type of diplomacy will be higher than any others, and science diplomacy can attract additional interdisciplinary intellectual capital from other sectors of society. As already mentioned, non-state actors are only allowed to participate in a few types of diplomacy. Ultimately, every class in society, especially non-officials—like scientists and staff at multilateral agencies—who would not normally be able to sit together at an official diplomatic table, can join in without making concessions and without worrying about how what they say plays out with various factions at home. This will facilitate a peaceful environment in which the parties are able to engage in “inventing without committing” (Susskind 2016). This type of neutral setting may yield creative ideas and offer new diplomatic paradigms for opening up intractable South China Sea issues for discussion.

For example, Vietnam, one of the claimants in the South China Sea dispute, welcomes NGOs to participate in environmental problem-solving initiatives. While civil activities related to the South China Sea dispute management is politically limited and not openly public, environmental organizations like the Center for Development of Community Initiative and Environment, Mekong Delta Youth, MCD-Marinelife Conservation And Community Development,³ and others, whose missions are to solve

environmental issues in the South China Sea, have been working professionally to educate all of society (including young people, fisheries, businessmen, and others). In that sense, environmental advocacy translates into successful diplomatic efforts.

The second reason that science diplomacy is feasible is that now is the right time to significantly exert its effect on the South China Sea dispute settlement. The Hague ruling affirmed that China has no legal basis with which to claim historic rights to the contested sea. However, China has not accepted so far, the power of the conflict's legal card that seems to be significantly decreased, while the strategic and security aspects still remain unchanged or have become even more important. As a result, the dispute and the ensuing dramatic rise of nationalism have created more tension than ever.

Apart from China, after the Tribunal award, claimants in the South China Sea dispute have faced a big dilemma in regards to their behavior toward enforcement of the ruling, particularly the Philippines. While there is pressure to show respect for international law, they must also find the best method to deal with China and avoid an armed conflict (Delizo et al. 2016). This can easily take place if parties are unable to “exercise restraint and not act in a way that will raise tension” (The Straits Times 2016).

Although China has clearly shown its displeasure toward the ruling, they still seek acceptance on the world stage as a responsible international citizen. “The most promising outcome for all concerned would be a face-saving climb-down by China. Under this scenario, Beijing would promote détente rather than confrontation—without explicitly abandoning its jurisdictional claims” (Patrick 2016), says Dr. Stewart Patrick, a senior fellow and director of the program on International Institutions and Global Governance at the Council on Foreign Relations. An approach that shows adherence to international law, especially with respect to United Nations Conventions on the Law of the Sea (UNCLOS), but does not harm China's need to save face, is certainly more than welcome and science diplomacy seems to meet all of those conditions. This approach fully expresses the spirit of “marine scientific research” promotion regulated in Part XIII, Marine Scientific Research of the (UN General Assembly 1982). Moreover, it provides a less sensitive way of interpreting the South China Sea disputes by focusing on the issue of resource and environmental security, where all the claimant parties can easily find a common voice and reach an agreement. Because of this, now is the perfect time for science diplomacy to be widely exercised over the South China Sea disputes.

The third reason that science diplomacy is feasible is that it has earned its own credibility in the South China Sea disputes in particular and in settling conflicts in general. While science diplomacy is not a fresh idea in managing conflicts, its advantages have proved successful many times. For instance, the Joint Verification Experiment in 1988 (Ibid.) between the United States and the USSR during the Cold War can be seen as the “path breaking at its time, and it set the gold standard for government-to-government efforts” (Ibid.). The Joint Verification Experiment (JVE) was a US-Soviet collaboration to measure the explosive yield of nuclear tests in order to provide a verification mechanism for a treaty to limit such testing yields. This was an initiative to solve the tensions that arose after the ratification of the 1974 Threshold Test Ban Treaty (TTBT) between the United States and the USSR because of their mistrust about the other side’s nuclear weapons yield-measurement methods.

In the context of the Cold War, this initiative had a significant meaning not only because it contributed to keeping the US and USSR’s nuclear control agreement alive, but also because it proved the ability of science diplomacy to initiate cooperation between the two rivals. Viktor N. Mikhailov, a leader of the Soviet technical delegation to the JVE at the Nevada Test Site, claims, “I am certain that the main result of the Joint Verification Experiment was not the development of procedures and extent of nuclear test monitoring of the joint development of technical verification means, but the chance for interpersonal communications with the American nuclear physicists” (Ibid.).

Building on those ideas, science diplomacy in the South China Sea begins to have a positive effect on the dispute settlement process when it attracts more and more interest from claimants with demonstrated successes. An example of such a success is the Informal Workshop on Managing Potential Conflicts in the South China Sea, which has been continuously organized since 1990 and has seen an increasing number of meetings and members (Song 2011). In 1994, the presidents of the Philippines and Vietnam signed a bilateral agreement to conduct Joint Oceanographic and Marine Scientific Research Expeditions in the South China Sea (JOMSRE-SCS). After 11 years of scientific research, the findings on marine biodiversity showed that the Spratly Islands could be a source of coral propagates for destroyed reef areas in the southern and western Philippines. On the other hand, the densities of marine species associated with offshore coral reefs have been drastically reduced, particularly in shallow waters where blast and poison fishing are common. This

project provided strong evidence that heavy exploitation of the fishery resources had occurred in the South China Sea, and demonstrated the need for a cooperative governance mechanism for larger-scale research and conservation. Moving into its second phase, JOMSRE is going beyond bilateral cooperation to a multilateral one that includes the participation of China and all ASEAN member states. This is a notable achievement of science diplomacy in addressing the South China Sea dispute as it could bring the claimants together to share the perception that scientific cooperation can work effectively toward the common good in the entire region and serve as an example of how science diplomacy can initiate activities that contribute to managing conflict. In addition, countries in the region have taken steps to establish their marine protected areas and have gained a certain amount of success. In 2010, Vietnam embarked on an ambitious initiative to create “national marine protected areas.” As a result, the country has already established eight such areas, with plans to add eight more by 2020. The goal is that this state-led environmentalism will create a transformative mindset among the nation’s younger citizens and their relationship to the sea (Borton 2016b). These incremental triumphs offer compelling evidence that science diplomacy has the credibility to become an effective approach to South China Sea dispute settlement.

On that topic, Professor Yann-huei Song, a research fellow in the Institute of European and American Studies at Taipei’s Academia Sinica, believes that more of the claimant nations will embrace the development of eco-tourism, marine peace parks, and marine protected areas in the South China Sea. “China, Vietnam, and Malaysia can play a leading role to promote science diplomacy,” he suggests.

In the first place, science diplomacy-related initiatives can secure the support of major powers. Although this approach cannot fully satisfy the ambitions of any major power in the South China Sea dispute, it does bring to them certain perks without any ill effects. In the first place, science diplomacy is the most satisfactory explanation for the presence of powers like the United States and Japan in the region. Nevertheless, the South China Sea dispute is, ultimately, a regional conflict where the claimants are the direct stakeholders. Therefore, military or economic outside intervention is a sensitive move, which can be misinterpreted in many circumstances and ignite nationalism leading to negative reactions from some leaders or political groups among claimants. Philippine President Rodrigo Duterte’s statement⁴ against a US military presence in his country (McKirby and Quiano 2016) is an excellent example. In this case,

science diplomacy can be used as a valid ticket for a claimant nation to participate in the process of settling the disputes without being criticized for “interfering” in the other countries’ affairs.

Secondly, science diplomacy provides China a way to get along with other claimants while maintaining its own dominant position on the sovereignty issue. In other words, science diplomacy offers China significant help in improving, or at least not deteriorating, its relationship with other claimants in the region without sacrificing any benefits, fitting in with the so-called peaceful rise. Still, recent developments reveal protests over China’s aggressive moves in the South China Sea from countries that seem to be China’s friends, such as Malaysia, a claimant (Parameswaran 2015), or Indonesia, as another involved party (Amindoni 2016). Whether China wants it or not, its actions pose a dangerous threat to every state in the region and most certainly have a negative impact on China’s ambition to be recognized as a great power both regionally and globally. Widely considered “practical and objective” (Nguyễn 2–16), Beijing’s scientific cooperation with other states to solve the issues in a peaceful manner will help them partly erase the hegemonic image other claimants hold of Beijing. Or, as suggested by Professor Kathleen A. Walsh at the US Naval War College, science diplomacy can be seen as a “carrot” offered by the Chinese government after a lot of “sticks” it has posed in the South China Sea (Walsh 2016).

Lawrence E. Susskind, a Ford Professor of Urban and Environmental Planning at Massachusetts Institute of Technology (MIT), also raises the issue of China’s support for science diplomacy. He asserts that although China did not join a few of the science diplomacy initiatives in the past, Beijing has its own agencies to deal with environmental issues. For example, China is not among the states that share data with the PTWC (Pacific Tsunami Warning Center in Hawaii), which collaborates with countries all over the globe to warn at-risk populations of impending tsunami. Conversely, China established its own tsunami-warning center in the South China Sea, which it counts among its diplomatic rationales for its SCS activities. So China may already have its own science policy in the South China Sea, which could simultaneously prove both diplomatic and controlling (Susskind 2016). Consequently, Beijing will tend not to protest other, similar initiatives.

With its huge economic advantage, China has the ability to dominate scientific initiatives and, to some extent, position its role as a focal point on environmental issues. For those reasons, it can be acknowledged that science diplomacy will gain some support, or at least no hindrance, from

major powers to forge an initiative toward dispute settlement in the South China Sea. After all, scientific collaboration aims at a constructive resolution of common problems, and from all accounts, those problems related to environmental security are not going away anytime soon. The real promise of science for diplomacy is for nations and their citizens to recognize that the sea is part of the global commons and belongs to all to conserve, protect, and sustain.

The immense biodiversity that exists in the South China Sea cannot be ignored. Marine biologists, who share a common language that cuts across political, economic, and social differences, recognize that the structure of a coral reef is strewn with the detritus of perpetual conflict and represents one of nature's cruelest battlefields. As recent biological surveys in the region and off the coast of China reveal that the loss of living coral reefs presents a grim picture of decline, degradation, and destruction, a timeline for a joint scientific declaration for urgent action or an environmental moratorium on dredging is much needed.

Professor John McManus, a marine biologist at the University of Miami and a notable coral reef specialist, and who has regularly visited the region and provided analysis to the tribunal, stated that based on satellite imagery analysis, Chinese dredging and clam poaching reveals a disturbing pattern of ecological destruction. McManus has researched this region for more than a quarter of a century. He knows that the most important resource in these heavily fished waters is the larvae of fish and invertebrates. Subsequently, he has called repeatedly for the development of an international peace park, and is hopeful that other regional marine scientists and ecologists in this contested region will support this collaborative science-driven initiative. Continuing to elucidate on this topic, McManus says, "Territorial disputes have led to the establishment of environmentally destructive, socially and economically costly military outposts on many of the islands. Given the rapid proliferation of international peace parks around the world, it is time to take positive steps toward the establishment of a Spratly Islands Peace Park" (McManus et al. 2010).

SCIENCE DIPLOMACY: LIMITATIONS AND THE WAY FORWARD

Given all the advantages mentioned above, exercising science diplomacy in the South China Sea disputes is also limited. The rise of nationalism is a huge challenge for science diplomacy, because the prerequisite for the

success of science diplomacy is cooperation among nations without being influenced by territorial claims. In some cases, this effort can be interpreted as a government compromising over sovereignty issues, which can easily fuel nationalist outcry among the population in claimant countries. For example, after the Joint Marine Seismic Undertaking (JMSU) agreement was signed in 2014 by Vietnam, the Philippines, and China to jointly explore the exclusive economic zone (EEZ) for the huge potential oil and gas reserves that are widely believed to lie under the South China Sea (Krasner 2009), there was a cry of protest from the opposition arguing that the participation of the Philippines in this agreement translated to a “sellout of national sovereignty to China,” because it undermined any future sovereignty claim by putting aside the territorial conflicts in the joint exploration (Mak 2009, p. 121).

As a result, the JMSU lapsed on July 1, 2008, and was not extended after receiving heavy criticism from signatory parties, especially the Philippines (ABS-CBN News 2011). Furthermore, because science cooperation is open to NGO participation, it can be viewed as a threat to nationalists, too. In fact, questions about the relationships between international organizations in particular and NGOs in general with state sovereignty have been under discussion for a long time. This is especially true among smaller, weaker states that are considered “the most frequent targets of external efforts to alter domestic institutions” (Krasner 2009).

As previously mentioned, South China Sea nationalism at times rises dramatically like a spring tide to the point that even a solution that seems to be completely neutral like science diplomacy can also be a source of hostile moves, posing real challenges to efforts to ease the nationalist motivations associated with territorial disputes. According to Karin Dokken, a political scientist at the University of Oslo, “The states around the South China Sea are to a large degree interdependent when it comes to questions of the human environment. They are interdependent to the degree that if they fail to find common solutions to environmental problems they may end up in violent conflict and a potential for international integration” (Dokken 2010).

In fact, as China is a major power and claimant in the South China Sea, Beijing’s attitude will be one of the most decisive factors behind the success of any dispute-resolution initiative. The arguments about China’s support for science diplomacy options are built on the assumption that China will continue to follow its “peaceful rise” policy, re-emphasized by the current Chinese President Xi Jinping. In 2014, Xi stated, “There is no

gene for invasion in Chinese people's blood, and Chinese people will not follow the logic that might is right ... China will firmly stick to the path of peaceful development" (Xinhua 2014). However, as China continues to reclaim land in the disputed Paracel and Spratly island chains (Ataka 2016), this statement cannot be seen as comprehensive insurance on whether China will support science diplomacy initiatives.

Given that China has far greater capabilities than other states in that it can permit or prevent fishing anywhere in the South China Sea, science diplomacy best serves the interests of smaller states (Glaser 2016) and is not a preferable scenario for China as it pursues its ambitions in the South China Sea. If science diplomacy is not proved to be a source of tangible benefits to China's will in the South China Sea dispute or in the entire regional security architecture, the possibility of its actualization is quite low. However, it is reassuring to note that one of China's leading scientists, Dr. Zou Xinqing of the School of Geographic and Oceanographic Sciences at Nanjing University, believes that "science collaboration is very important for this region" (Zou 2016).

While outlining science diplomacy's challenges and opportunities, this chapter offers some possible options that can be adopted by marine scientists and policy shapers looking to manage the South China Sea disputes. For instance, if complete freedom of scientific investigation in contested atolls and reclaimed islands were established and there was an expansion of scientific cooperation among all ASEAN marine scientists through more academic workshops, this would help to provide an ASEAN regional cooperation science framework that could mobilize countries to address trans-boundary issues and ultimately set aside all territorial claims. Furthermore, if ASEAN environmental NGOs were invited to participate, a regional Marine Science Council to address environmental degradation issues could be created to foster dialogue for a proposed marine peace park.

This council could also organize "devising seminars" to advance collaborative problem solving in complicated policy disputes which bring together representatives of core stakeholder interest groups to brainstorm plans or strategies in unofficial conversations (Harvard Law School 2014a, b; Susskind and Rumore 2015). For example, a science-led ASEAN committee could study the Antarctic Treaty and the United Nations Environmental Program initiative under the East Asian Seas Action Plan.

CONCLUSION

Although science diplomacy is not a completely new approach to solving conflicts in general and in South China Sea dispute management in particular, the urgent adoption of such a peace-building mechanism by all claimants in the disputes is desperately needed. This need is underscored by Lawrence Susskind and Saleem H. Ali (2015, p. 81) in their pioneering book, *Environmental Diplomacy: Negotiating More Effective Global Agreements*, in which they insist that now is the time for scientific advisors to demonstrate roles as “trend spotters, theory builders, theory testers, science communicators, and applied-policy advisors.” With ecological politics steering the South China Sea narrative, science diplomacy offers hope for protecting coral cathedrals, marine habitats, fish species, and serves as a peace-building mechanism based in scientific cooperation for other similar environmental conflicts.

NOTES

1. The Coral Triangle Initiative is an intergovernmental, multiple-sponsored, coordinated effort to improve the management of coral reefs and related resources. It covers a triangular area previously determined to be high in coral diversity, encompassing Indonesia, the Philippines, Timor Leste, Papua New Guinea, and the Solomon Islands. The total area is approximately 1800 square kilometers and includes, for many groups of organisms, the richest species diversity in the world.
2. UNEP funded the project “Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand,” which involved a partnership of seven countries bordering the South China Sea (Cambodia, China, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam). The project consisted of 59 organizations as a “networked institution,” plus around 100 subcontracted institutions and more than 400 institutions involved through individual participation.
3. The Center for Development of Community Initiative and Environment is a Vietnamese not-for-profit and NGO established in 2008. Mekong Delta Youth is aimed at building and improving Mekong Delta youth’s skills. MCD-Marinelife Conservation And Community Development is a leading Vietnamese NGO in the field of coastal and marine ecosystem conservation, striving for a coastal zone of Vietnam with healthy ecosystems and a good quality of life for coastal communities.

4. At the airport in Manila before departing for an official visit to Japan, President Duterte stated that “I do not want to see any military man of any other nation (in the Philippines), except the Filipino soldier.” He added that the Philippines will survive without foreign investors who are squeamish about his bullish rhetoric.

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INDEX¹

A

- Academy of Science and Industry, 48
Aerospace Industrial Development Corporation, 42
Africa, 102, 103
Agency for Technical Cooperation and Development (ACTED), 102
Allied powers, 16, 17
American Association for the Advancement of Science (AAAS), 196–197
Annam, 12
Antelope Reef, 14
Approved Destination Status (ADS), 63, 64
Archipelago, 66, 68, 128, 146
ARF Disaster Relief Exercise (ARF DiREx), 124, 127, 128
Armaments Bureau of the Ministry of National Defense, 42
ASEAN Agreement on Disaster Management and Emergency Response (AADMER), 123, 124
ASEAN Declaration on Mutual Assistance on Natural Disasters, 123
ASEAN Declaration on the South China Sea, 162
ASEAN Eminent Persons Group, 200
ASEAN Expert Group on Disaster Management, 123
ASEAN Regional Forum (ARF), 124, 131n5, 163–166, 170–174, 176n4, 177n13
Asian Infrastructure Investment Bank, 125
Asia-Pacific rebalancing (or pivot) strategy, 32, 46
Association of Southeast Asian Nations (ASEAN), 79, 84, 86, 123, 131n5, 137, 147, 151, 161, 188, 196, 202, 206, 210
Atolls, 185, 195, 210
Australian, 7, 10, 17, 50
Authoritarianism, 80, 184
Autocracy, 80

¹Note: Page numbers followed by “n” refers to notes.

Autonomy, 79, 80, 82, 84, 85, 91, 99, 168
 Avillion Layang Layang Resort, 70
 Ayungin Shoal, 70

B

Baidu, 69
 Battle of the Paracels, 5, 14
 Beibu Gulf proposal, 86
 Bilateral agreements, 64, 205
 Biodiversity, 205, 208
 Bloggers, 62, 70, 71
 Boao Forum for Asia (BFA), 86
 Bohai Gulf, 137
 Brahmaputra River, 120
 Britain, 11
 Brunei, 33, 34, 98, 105, 106, 110, 118, 131n5, 143, 169, 195
 Budgets, 30, 41, 45, 77, 83, 88, 100, 124, 131n5, 151, 170

C

Cadres, 81, 90
 Cairo Declaration, 1943, 16–17
 Cambodia, 162, 165, 171, 176n6, 201
 Canada, 40, 61, 64, 163, 176n6, 176n8
 Canton/Guangzhou, 10
 Cartesian diplomacy, 169
 Center for Development of Community Initiative and Environment, 203, 211n3
 Center for Naval Analyses (CNA), 4
 Center for Research on Epidemiology (CRED), 118
 Chambers of Commerce, 101
 China, 5, 32, 61, 78–91, 98, 118, 135, 161, 181, 198
 China Coast Guard (CCG), 38, 85, 125

China Communications Construction Company (CCCC), 39
 China National Tourism Administration, 64
 China Oceanic Information Center, 39
 China Shipbuilding Industry Corporation (CSIC), 38
 China State Shipbuilding Corporation (CSSC), 38, 53n2
 China-Indochina Peninsula economic corridor, 86
 Chinese foreign ministry, 7, 15
 Chinese National People's Political Consultative Conference (CNPPCC), 82
 Chinese State Oceanic Administration, 8
 Civil Service Law, 81
 Clark Air Base, 150
 Climate change, 121, 197, 200, 201
 Cochinchina, 12
 Cold War, 122, 135, 152, 153, 167, 184, 190, 191, 196, 202, 205
 Committee of Place Names of Guangdong Province, 13
 Communist Party of China (CPC), 71, 80–82, 189
 Communist Party of China (CPC) Central Committee, 65, 82
 Confidence-building measures (CBMs), 118, 121–125, 127, 130, 161–175, 175n2
 Conflict prevention, 98, 102–104, 109, 110, 171
 Conflict resolution, 147, 164, 197
 Consensus-building, 162
 Constitution, 34, 43, 46, 78, 91n2
 Constructivist, 91n1, 181, 182
 Contiguous zone, 144, 145
 Continental shelf, 144, 145, 154n5
 Coral reefs, 195, 196, 198, 200, 203, 205, 208, 211n1
 Coral Triangle Initiative, 211n1

Core interests, 119, 121, 137
 Council for Mutual Economic Assistance, 148
 Ctrip, 66
 Cuarteron Reef, 47, 48

D

Decentralization, 78–84, 86, 103
 Declaration on the Conduct of Parties in the South China Sea, 137, 147, 163
 Defense contractors, 29, 32, 34, 37
 Defense industry, 28–30, 32, 34, 36–42, 44–48, 50–52
 Defense Innovation Initiative and Long-Range Research and Development Planning (LRRDP) Program, 46
 Defense Innovation Marketplace, 49
 Defense spending, 30, 32, 37, 41, 44, 131n5
 Democracy, 80, 150, 183, 184
 Democracy Reef, 14
 Democratic Progressive Party (DPP), 126
 Demographic transitions, 138, 140, 141, 148, 153
 Diplomacy/diplomatic, 11, 78, 99, 167, 196
Doi Moi, 148
 Donghsa, 146

E

East China Sea, 42, 137, 185
 Economic development, 80, 83, 100, 140, 142, 149, 170, 200
 Economic reforms, 85, 90
 Economy/Economics, 32, 61, 77, 97, 118, 135, 168, 175n1, 181, 197
 Education, 64, 65, 78, 81, 100, 140

Enhanced Defense Cooperation Agreement (EDCA), 33, 46, 49
 Environmental security, 199, 204, 208
 European Union (EU), 129, 154n6, 165, 176n6, 192
 Exclusive Economic Zone (EEZ), 51, 70, 136, 144, 145
 Expeditions, 11, 12, 14

F

Fiery Cross Reefs, 49, 69, 125
 Fisheries/fishing, 10, 28, 29, 51, 52, 67, 85–88, 90, 125, 146, 148, 185, 186, 188, 196, 199, 200, 203–206, 208, 210, 211
 Fishermen, 10, 87, 89, 120, 146, 151, 199, 203
 Forces Structure and Planning Concepts of the Future ROCN (Republic of China Navy) program, 42
 Foreign Affairs Office (FAO), 84
 Foreign direct investment (FDI), 83, 97, 98, 105–107, 110
 Foreign Trade and Economic Cooperation Commission (FTEC), 84
 Formosa, 17
 Framework Agreement on ASEAN-China Comprehensive Economic Cooperation (ACFTA), 163, 175n1
 France, 7, 14, 17, 39, 102, 149
 Freedom of navigation, 32, 52, 152
 Freedomland, 7

G

Gaven Reef, 47
 Global Commons, 196, 208
 Global Environment Facility Trust Fund, 202
 Global financial crisis, 30

Global Network of Cities, 102
 Gross regional product (GRP), 83
 Guangdong province, 79, 85
 Guangxi, 86
 Guangzhou, 85

H

The Hague, 150, 151, 153, 162, 190, 204
 Hainan Island, 10, 91n2
 Hinews, 91n3
 Hong Kong, 5, 6, 11, 14, 61, 65
Huangyang, 14
 Hughes Reef, 47
 Human rights, 181, 186
 Humanitarian assistance/humanitarian aid, 123
 Hunan, 82
 HYSY 981 oil rig, 187

I

India, 33, 63, 120, 128, 139, 149, 152, 153, 165, 176n6
 Individualism, 183
 Indonesia, 33, 34, 40, 45, 50, 53n5, 128, 150, 163, 166, 169, 176n6, 176n8, 201, 207, 211n1, 211n2
 Indonesia workshops, 166, 167, 171, 174
 Infrastructure, 45, 47, 61, 63, 79, 84, 88–90, 128, 140, 150
 Institute for China-America Studies (ICAS), 39
 Institute for Marine Development Strategy, 8
 Intergovernmental Panel on Climate Change (IPCC), 121, 197
 International Federation of Red Cross and Red Crescent Societies (IFRC), 118

International Institute for Applied Systems Analysis (IIASA), 196
 International law, 4, 18, 144, 146, 148, 204
 International relations (IR), 9, 18, 27, 78, 91n1, 98–101, 103, 108, 139, 182, 187, 191, 197, 201
 Internationalization, 125, 149, 151
 Intervention, 10, 104, 130, 206
 Island-building, 62
 Itu Aba, 17, 18, 39, 48, 49

J

James Shoal, 16, 68
 Japanese, 10, 13, 16–18, 43, 44, 136, 141, 142, 186
 Johnson Reef, 47, 48, 146, 177n13
 Joint Communiqué, 161
 Joint Comprehensive Plan of Action (JCPOA), 122
 Joint military operations, 124
 Joint Oceanographic and Marine Scientific Research Expedition in the South China Sea (JOMSRE-SCS), 202, 205, 206
 Joint Submission to the United Nations (UN) Commission on the Limits of the Continental Shelf, 144
 Joint Verification Experiment (JVE), 205

K

Kalayaan Island Group, 143
 Kampuchea, 164
 Knowledge, 9, 36, 41, 105, 110
 Kuangtung Provincial government, 19n2
 Kuomintang (KMT), 126

L

Land reclamation, 39, 47, 62, 125, 198
 Large Displacement Unmanned Underwater Vehicle (LDUUV) program, 48
 Lateral pressure theory, 141, 142, 153
 Law enforcement, 38, 44, 50, 51, 89, 117, 147, 188
 Lawak, 70
 Lawfare, 41
 Leadership, 37, 38, 80, 81, 84, 85, 91, 103–105, 109, 185
 Legitimacy, 103, 105, 109, 135, 148
 Liberalism, 181, 182, 188, 191, 192
 Lincoln Island, 13
 Localism, 81, 82

M

Mafengwo, 67
 Malaysia, 33, 34, 44, 49, 62, 70, 71, 98, 105, 106, 110, 119, 122, 126, 128, 131n5, 136, 143, 144, 165, 169–172, 174, 176n6, 177n15, 195, 201, 206, 207, 211n2
 Maldives, 66, 69
 Malthus, 138, 139, 141
 Manchuria, 17, 142
 Manila, 14, 15, 37, 107, 150, 151, 170, 174, 176n10, 187, 190, 212n4
 Manufacturing, 28, 29, 34, 36, 38, 44
 Map, 12, 13, 15, 16, 63, 67–69, 136, 191
 Maritime militia, 87
 Maritime Safety Administration of the People's Republic of China (CMSA), 85
 Maritime Silk Road, 66

MCD-Marine life Conservation and Community Development, 203, 211n3
 Meiji Era, 141
 Mekong Delta Youth, 203, 211n3
 Memorandum of Understanding, 125
 Middle Kingdom, 183, 184, 190
 Migration, 120
 Military industrial complex, 28
 Military operations other than war (MOOTW), 130
 Millennium development goals, 102
 Ministry of Public Security, 48
 Modernization, 41, 64, 141, 149, 170
 Money Island, 14
 Mongolia, 82, 128, 165, 176n6
 Municipal Alliance for Peace, 102

N

Nanjing, 15, 16, 210
 Nansha, 7, 67, 91n2
Nanwei, 14
 National Chung-Shan Institute of Science and Technology (CSIST), 42
 National Defense White Paper, 127
 National Institute for South China Sea Studies (NISCSS), 39
 National People's Congress, 91n2
 Nationalism, 147, 185, 199, 204, 206, 208, 209
 Natuna Islands, 50
 Neoliberalism, 182
 Neorealism, 182
 New Zealand, 165, 176n6, 197
 Nine-Dash Line, 63, 69, 136, 143–145, 152, 184, 198
 Non-Profit Organizations, 101
 North Island, 13
 Notes verbales, 144

O

Offshore balancing, 190
 Oil/gas reserves, 149, 172, 209
 One Belt One Road (OBOR), 83
 Overpopulation, 136, 139–142

P

Pagasa, 70
 Pan-Beibu Gulf economic forum, 86
 Papua New Guinea, 165, 176n6,
 211n1
 Paracel Islands/ Paracels, 3, 5, 7,
 10–17, 19, 32, 49, 63, 65–71,
 88–90, 91n2, 125, 143, 146,
 148, 177n13, 187, 189, 203, 210
 Paris meridian, 12
 Partnerships, 103–105, 109, 125, 129,
 153, 191, 211n2
 Passport, 62, 63, 71
 Patag, 70
 Patriotism, 62, 64, 70, 89
 Pattle Island, 17, 18, 146
 Peaceful rise, 184, 207, 209
 Penghu Islands, 17
 Pentagon, 8, 49
 People's Armed Forces Departments,
 87
 People's Liberation Army(PLA), 45,
 70, 85, 125–127, 151
 Pescadores, 17
 Philippines, 33, 62, 87, 98, 119, 136,
 143, 162, 186, 195
 Piracy, 10
 Politburo, 82
 Political Bureau of the Central
 Committee, 126
 Political nomenclature, 79, 81, 82, 85
Potsdam Proclamation, 17
 Power transition theory, 142, 143,
 153
 Power vacuum, 151, 152

Pratas Island, 10
 PRC Ministry of Commerce, 84
 Preventive diplomacy(PD), 164,
 167–171, 173–175
 Provincial Military Districts, 87
 Pulau Natuna Besar, 45

Q

Qilian Island, 66
 Qing Dynasty, 11

R

Realism, 91n1, 175, 188, 190, 191
 Realpolitik, 183
 Recentralization, 82, 103
 Regionalism, 152, 188, 192
 Regionalization, 151, 181
 Regulations for the Management of
 Coastal Border Security and
 Public Order in Hainan Province,
 87
 Republic of China (ROC), 6, 7,
 14–16, 18, 19, 39, 41, 43, 69,
 143, 186, 195
 Revenue-sharing, 83
 ROC Ministry of Foreign Affairs, 15
 Rocky Island, 13

S

Sand Cay, 47
 Sansha, 62, 64–69, 88, 89
 Satellite, 37, 49, 87, 125, 208
 Scarborough Shoal, 151, 190
 Science diplomacy, 195–211
 Seabed, 16, 144, 145
 Second Thomas Shoal, 70, 190
 Second World War, 16, 17, 19, 19n4
 Securitization, 28, 30, 32, 36, 38, 39,
 43–46, 50, 51, 78

- Senkaku Incident of 2010, 188
 Senkaku/Diaoyu Islands, 69
 Shanghai Zhenhua Heavy Industries, 39
 Shangri-La Dialogue, 37, 46
 Ship and Ocean Industry R&D Center (SOIC), 42
 Shipping, 28, 29, 39, 52, 85
 Sino-Tonkin convention, 12, 13
 Small Leading Group on Foreign, 84
 Social cohesion, 104
 Socialism, 64, 182
 South China Sea Peace Initiative, 123, 124
 Southeast Asia Maritime Security Initiative, 37, 46
 Sovereignty, 5, 7, 8, 62, 63, 65–70, 78, 79, 84, 87–91, 117, 119, 121, 124, 130, 143–147, 162, 166, 168, 171, 172, 175, 182, 185, 190, 192, 198, 199, 201, 203, 207, 209
 Space industry, 49
 Spratly Islands Peace Park, 208
 Spratly Islands/Spratlys, 7, 11, 12, 14–17, 19, 32, 49, 63, 65, 68, 70, 71, 89, 90, 143, 146–148, 151, 177n13, 203, 205
 Stability, 81, 87, 120, 125, 129, 135, 150, 170, 185
 State Oceanic Administration (SOA), 8, 15, 38, 85
 Stone markers, 13
 Student exchanges, 97, 98, 105, 108, 110
 Subi, 32, 47, 48, 125, 175
 Subic Bay, 150
 Submarines, 17, 18, 40, 42, 45, 149
 Superpower, 32, 65, 135, 189, 191
 Survey, 11, 12, 14, 16, 208
 Swallow Reef, 70
 Symposium On The South China Sea Islands, 1992, 8
- T**
 Taiwan, 7, 9, 16, 17, 30, 33, 34, 36, 39, 41–45, 48, 50, 61, 63, 65, 69, 87, 119, 125, 126, 131n5, 136, 142, 143, 146, 169, 195
 Taiwan Relations Act, 42
 Tanmen township, 87
 Tax, 82, 83, 99, 108
 Territorial sea, 145, 146
 Terrorist, 119
 Threshold Test Ban Treaty (TTBT), 205
 Tiananmen Square massacre, 127
 Tibet, 61
 Tonkin, 12, 13
 Totalitarian, 183
 Track I, 110, 163, 164, 176n7
 Track II, 123, 163–167, 175
 Transboundary pollutants, 200
 Travel agencies, 62, 64, 66, 71
 Treaty of Amity and Cooperation, 147
 Truong Sa, 70, 148
 Tsunami, 207
- U**
 Union of Soviet Socialist Republics, (USSR), 148, 202, 205
 Unipolar, 191
 United front, 63, 65, 151, 188
 The United Front Work Department, 65, 66, 71
 United Nations Convention on the Law of the Sea (UNCLOS), 122, 145, 152, 204
 United Nations Environment Facility, 202
 United Nations Environment Program (UNEP), 200, 201, 211n2
 United Nations Office for Disaster Risk Reduction (UNISDR), 118
 United States, 4, 18, 27, 32–34, 37, 40, 41, 43, 49, 50, 87, 99, 125,

- 127, 129, 136, 137, 147, 149,
151–153, 154n2, 176n8, 182,
185, 187, 189–192, 196, 202,
205, 206
- United States' pivot to Asia, 3
- Unmanned Maritime Systems Program
Office, 48
- Unmanned surface vessels (USVs), 48
- Unmanned undersea vehicles (UUVs),
48
- Urbanization, 120, 139, 147
- US Bases Extension Treaty, 150
- US Navy, 17, 18, 32, 36, 48, 129
- V**
- Vietnam, 5, 33, 45, 62, 87, 98, 119,
136, 144, 147, 162
- Visiting Forces Agreement (VFA), 151
- W**
- Wenchang City, 68
- West Reef, 47
- West River, 10
- Woody Island, 13, 17, 18, 48, 49, 66,
69, 88, 146
- Workshop on Managing Potential
Disputes in the South China Sea,
165, 166
- World Trade Organization (WTO),
125
- X**
- Xisha, 7, 11, 65, 67, 146
- Y**
- Yagong Island, 69
- Yellow Sea, 137
- Yongxing Island, 66–68
- Z**
- Zhongsha, 67, 91n2, 146
- Zhuang Autonomous Region, 86