



South China Sea – Current Issues and Recent Developments in Maritime Security

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Abstract

In his statement the author focuses on U.S.-China strategic intentions. A brief outline of key military aspects, China's stand-off with Vietnam and the Philippines and the risks of open conflict erupting in the South China Sea as well as best ways to reduce tensions and to reach peaceful resolutions is also provided. The statement concludes with a list of ten specific proposals for a comprehensive resolution.

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Analysis

Mr. Chairman, Excellencies,

Distinguished Colleagues, Ladies and Gentlemen,

It is a great pleasure and honour to attend – for the first time – this high-ranking German-Malaysian security dialogue in Kuala Lumpur. I thus extend my thanks and appreciation to the representative of the Konrad Adenauer Foundation in Malaysia, Director Jan Senkyr, for kindly inviting me to this conference.

In view of time constraints, my statement “South China Sea – Current Issues and Recent Developments in Maritime Security” is confined to U.S.-China strategic intentions, including a cursory account of key military aspects, China’s stand-off with Vietnam and the Philippines, and the risks of open conflict erupting in the South China Sea as well as best ways to reduce tensions and reach peaceful resolution.

American and Chinese Strategic Intentions

In November 2011, U.S. President Barack Obama announced the ‘Strategic Pivot to Asia’, the most important strategic shift since the end of the Cold War. One of the key drivers in this decision is based on the assessment that the geopolitical relevance of Asia has grown considerably. According to a study conducted by the HSBC Bank of September this year (2014), worldwide trade is set to triple by 2030, with Asia as the chief driver of economic growth. Hence, the U.S. was compelled to adapt its political, economic and military strategies.

U.S. Secretary of Defence, Chuck Hagel, challenged Beijing at the 13th IISS Shangri-La Dialogue 2014 (May 30 - June 1, 2014) in Singapore, when outlining China’s destabilizing unilateral action in disputed waters off the South China Sea, thereby underscoring America’s strategic intention of remaining within the region.

In an interview with Nikkei ASIAN Review at the end of August this year (2014), Richard Myers, former chairman of the U.S. Joint Chiefs of Staff, stated: “The U.S. has always considered itself an Asia-Pacific nation. We always talk about the Asia-Pacific as being the key to the future and to a lot of our vital national interests.”

While the mutual interests and opportunities for cooperation between Washington and Beijing are several, both sides face a fundamental conflict of interests. Whereas, according to China, the U.S. should disengage militarily from Asia, the U.S. has, for its part, demonstrated its determination to stay in the region.

One widespread view among Chinese strategists is that the U.S. encourages regional actors to confront Beijing and that disputes between China and other regional actors are in Washington’s interest. In the U.S. most strategists contend that the recent source of instability is a consequence of China’s provocative behaviour, thus indicating that China ultimately seeks to challenge the world order as spearheaded by the United States.

The leaderships of both nations are aware that the three million square kilometres of the South China Sea (SCS) are of particular strategic importance. Around US\$ 5.3 trillion in trade flows through the region in and around the South China Sea annually, one-fifth of which is U.S. commerce. Around 80% of China’s crude oil imports, approximately 66% of South Korea’s energy supplies and almost 60% of Japan’s and Taiwan’s energy are transported through the SCS.



The sovereignty disputes in the SCS involve major themes in grand strategy and territorial defence, including the protection of the sea lines of communication (SLOC), energy, food and environmental security. They are also linked to rising populist nationalism in Asia.

Military Aspects

While the West reduces its defence spending, Asia proceeds to rapidly modernize its armed forces following rapid economic growth and strategic insecurity. Nominal defense spending in Asia has risen by 23% since 2010, from around US\$ 261.7 billion to US\$ 321.8 billion, in 2013. China's official defense budget amounted to US\$ 112 billion, in 2013; an increase of 10.7% over 2012. Both China and its neighbours have invested heavily in so called anti-access/area-denial (A2/AD) capabilities.

The PLA's strategic priorities are gradually shifting from the defence of China's borders to force projection within East Asia and further afield in an endeavour to secure sea lines of communication and maritime resources. According to the latest Defence White Paper, Beijing plans to deploy forces capable of winning local wars based on informationisation by 2020, namely, successful joint-operations in a contested regional environment enabled by modern technology. Beijing's objective is to become a 'peer competitor' to the U.S. by 2050, in spite of present weaknesses in China's military capabilities, and even high-ranking Chinese officials admit that the U.S. is 20 to 30 years ahead.

The rapid modernisation of Asia's military forces coupled with a conflict situation in the competition for natural resources and regional aspirations amounts to a hazardous concurrence of factors that cannot be ignored.

In his speech at the 13th IISS Shangri-La Dialogue, 2014, U.S. Secretary of Defense, Chuck Hagel stated that the U.S. will continue its aid to nations in building their respective humanitarian and disaster-relief capabilities, and in upgrading their respective armed forces. For the first time Indonesia is to receive Apache helicopters to conduct counter-piracy operations, and control the free flow of shipping through the Straits of Malacca.¹ Furthermore, Washington plans to provide robust assistance to the Philippines' armed forces, and strengthen their maritime and aviation capabilities.²

South Korea is to receive "Global Hawk Drones" in an effort to substantially enhance its intelligence, surveillance and reconnaissance capabilities. South Korea also plans to acquire the F-35 Joint Strike Fighter.³ The United States is poised to deploy two additional ballistic missile defense ships and has deployed its most advanced capabilities – including two Global Hawks at Misawa Air Base, F-22 fighter aircraft at Kadena Air Base, and MV-22 Ospreys on Okinawa.⁴

Next year the U.S. Navy will introduce the Joint High Speed Vessel in the Pacific and an additional submarine forward station in Guam. As many as four Littoral Combat Ships will be deployed in the same region by 2017. By 2018, the navy's advanced multi-mission Zumwalt-class destroyer is scheduled to begin operating out of the

¹ Indonesia will receive eight helicopter units AH-64 Apache for US\$ 600 million; delivery will be between 2014 - 2017.

² The Philippines will receive M113A2 Armored Personnel Carriers (APCs) from U.S. army stocks arriving in 2014, US\$ 50 million military financial aid plus US\$ 40 million for acquiring long-range maritime patrol aircraft.

See also: The Enhanced Defence Cooperation Agreement (EDCA) of April 2014, <http://www.gov.ph/2014/04/29/document-enhanced-defense-cooperation-agreement/>

³ 40 Lockheed Martin F-35A Joint Strike Fighter could be delivered between 2018 - 2021 for US\$ 7 bn.

⁴ The ships will be deployed by 2017. The first flight of the RQ-4 Global Hawk took place on June 6, 2014 at Misawa Air Base. 12 F-22 "Raptor" Stealth fighters and 300 personnel will be deployed at Kadena Air Base.



Pacific. And by 2020, the U.S. plans to achieve its objective of operating 60% of both its navy and air force fleets out of the Pacific, while also flying the Hawkeye early-warning and unmanned Triton ISR aircraft in the region. These are clear indications that the U.S. is and will continue to be a Pacific power.

China's Standoff with Vietnam and the Philippines

On May 5, 2014, Bloomberg reported that Vietnam denounced China for setting up an exploration rig in waters off its central coast disputed by the two countries. Vietnam claimed that the rig's position is within its exclusive economic zone, citing its proximity to the Vietnamese coast. China's Foreign Ministry spokesman, Hua Chunying, told reporters that the oil rig was erected on Chinese territory.

Formerly, such disputes tended to take place from survey ships, whereas they now occur from a drilling rig. The dispute escalated very rapidly. At least 21 people were killed and nearly 100 injured in Vietnam, on May 15 of this year (2014) during violent protests against China. Crowds set ablaze industrial parks and factories, persecuted Chinese workers and attacked police during the riots. The protests forced Chinese nationals to leave Vietnam for reasons of personal safety.

Surprisingly, the Chinese oil rig began moving on July 15. A spokesman of China Oilfield Services Ltd. (COSL) confirmed drilling work had been completed ahead of schedule, and the rig's new intended location will be near China's island of Hainan, an area not disputed with other nations.

In my view the new deployment of the rig is a tactical step by the Chinese government. On one hand, it could help to ease tensions between China and Vietnam, while, on the other, China will never give up its "right" to explore the contested waters.

During the visit of Le Hong Anh, member of the Vietnamese politburo, and in his discussion with Chinese President Xi Jinping, both sides were keen to restore normalcy to their otherwise strained relations.

On May 14, 2014, the Philippines' Department of Foreign Affairs stated that it had submitted a formal protest to China regarding construction work being carried out at Johnson South Reef in the Spratlys a few weeks earlier, on April 4. The protest was dismissed by China on grounds that the "reef is Chinese territory."

In an article entitled *China Builds Artificial Islands in South China Sea*, Joel Guinto argues that artificial islands could help China anchor its claim to waters hosting some of the world's busiest shipping lanes. Energy Information Administration (EIA) claims that the South China Sea may contain as much as 11 billion barrels of oil and 190 trillion cubic feet of natural gas.

Whatever the case may be, it is clear that disputes in the East and South China Seas cannot be solved unilaterally, or even by a group of small powers. Cooperation between partners thus remains a key to success, not only with regard to the protection of the Sea Lines of Communication (SLOCs), but as a means of providing a stable maritime environment and constancy in energy production and delivery.

The meeting between Admiral Jonathan Greenert, Chief of Operations U.S. Navy and his counterpart, Wu Shengli, Commander in Chief of the People's Liberation Army Navy (PLAN), in July 2014, focused on expanding cooperation and communication between the two navies. Wu called for cooperation in rescue missions and disaster relief, and in implementing the Code for Unplanned Encounters at Sea (CUES), which was endorsed by the Western Pacific Naval Symposium in the Chinese city of Qingdao, in April 2014.



I contend that the meeting will have little impact on strategic issues. The CUES is not legally binding, and Chinese ships will not necessarily observe it in their claims in the South China Sea or East China Sea. Building up person-to-person relationships, improving confidence-building measures, establishing better and clearer communication mechanisms between the two navies and the prevention of potential misunderstandings and miscalculations at sea, as well as offering China participation in this year's RIMPAC drills are all steps in the right direction.

Confidence Building Measures – 10 Proposals

At the ASEAN Foreign Ministers' Meeting in Myanmar held on the 10th May, 2014, ministers expressed serious concern about the on-going developments in the South China Sea, which have exacerbated tensions in the area. While sharing this concern, I also believe that the risks of an open conflict in the East or in the South China Sea are limited and can be contained. Military conflict between China and the U.S. is in neither country's interest, but should provocation by regional claimants continue to grow, accidental military clash with the subsequent spiralling of events is conceivable.

Hence, confidence-building measures (CMBs) are a must.

The ten proposals listed below may contribute to a reduction in tensions in the disputed seas and consequently lead to peaceful resolution:

1. Establishment of direct communication links between the ASEAN Defence Ministers.
2. Expansion of military to military cooperation in Northeast and Southeast Asia and other interested partners.
3. Operationalisation of the ASEAN Institute for Peace and Reconciliation (AIPR), and the provision of recommendations, research and analysis; recommendations for conflict management and conflict resolution to ASEAN, as well as regional and global partners.
4. Intensification of cooperation between AIPR and regional think tanks, including the ASEAN Institute for Strategic and International Studies and the Council for Security Cooperation in the Asian Pacific (CSCAP).
5. Examination of the possibilities for establishing an ASEAN Intelligence Center along similar lines to the Intelligence Center (INTCEN) of the European Union.
6. Improvement of regional and international cooperation for managing crises situations at sea (coordination of humanitarian aid, search and rescue operations etc.).
7. Advancing the development of a Code of Conduct in the South China Sea.
8. China and other claimants in the South China Sea should seek a common approach with respect to gas and oil exploration in the South China Sea.
9. The U.S. and China should strengthen their dialogue on military intentions, above all, regarding the risks involved with A2AD capabilities.
10. Nota bene: A successful dialogue requires communication capabilities and openness when attempting to understand the perception of one's counterpart.



Remarks: Opinions expressed in this speech are those of the author.

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About the Author of this Issue

Dr. Peter Roell has been president of the Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) in Berlin since January 2006. His prior post was Senior Advisor for Foreign and Security Policy at the Permanent Representation of the Federal Republic of Germany to the EU in Brussels while in Germany, Dr. Roell served for the German Government as Director of the Asia-Pacific, Latin America and Africa (Sub-Saharan) Department and at German embassies in the Near and Middle East and in Asia.

Dr. Roell studied sinology and political sciences at the universities of Bonn, Taipei and Heidelberg. He gained his Ph.D. from the Ruprecht-Karls-University in Heidelberg.

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