

CHINA-VIETNAM DRILLING RIG INCIDENT: REFLECTIONS AND IMPLICATIONS

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After a period of stability between China and Vietnam in the South China Sea with positive developments in terms of dispute management, China's dispatch of a drilling rig to areas west of the Paracel archipelago in early May 2014 led to deep tensions up to mid-July when China withdrew the rig. This brief provides an analysis of the incident and resulting tensions as well as the implications for the Sino-Vietnamese approach to dispute management in the South China Sea.

The China National Offshore Oil Corporation dispatched on May 2 its drilling rig HD-981 to areas west of the Paracel archipelago—a group of islands and surrounding waters in the South China Sea rich in fish stocks and energy reserves claimed by China, Vietnam, and Taiwan. The action caused the longest period of tensions of any single incident between China and Vietnam since the 1990s, which lasted until mid-July when China withdrew the drilling rig from the area of operation.

Vietnam denounced the stationing of the oil rig as illegal and demanded its withdrawal. In addition to claiming that the rig's area of operation was within Vietnam's exclusive economic zone (EEZ) and continental shelf as measured from its coastline, it reasserted its claim of sovereignty to both the Paracel and Spratly archipelagos. Vietnam further accused China of using force against its ships in the waters near the Paracels and of arresting Vietnamese fishermen. It also repeatedly requested negotiations and kept up diplomatic pressure on China through bilateral channels as well as by attempts to gain international support for its position not only on the issue of the drilling rig, but also more broadly relating to the status of the Paracel archipelago.

China's position was that the drilling operation was carried out "totally within waters off China's Xisha islands," the Chinese name for the Paracels. China also reiterated its position that the islands are Chinese territory and that there is no dispute related to them. It accused Vietnam of trying to disrupt the drilling operations and demanded that Vietnam cease such activities and withdraw its vessels from the area. In mid-May, China sought to deflect attention to the "anti-China" riots in south and central Vietnam targeting companies operated by East Asian investors and which resulted in several Chinese casualties. China made

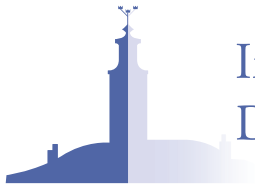
several critical statements relating to these events and also dispatched ships to repatriate Chinese nationals from Vietnam. In response to Vietnam's active attempts to gain international support for its position, China eventually publicized its official stand on the drilling operation and the status of the Xisha islands on June 8.

Despite attempts to ease the tension, as highlighted by the visit to Hanoi by China's top diplomat, State Councillor Yang Jiechi, in connection with the meeting of the China-Vietnam Steering Committee for Bilateral Cooperation held on June 18, China refused to withdraw the rig with Vietnam continuing to raise objections.

Eventually the crisis was defused when China on July 16 announced the withdrawal of the drilling rig after the completion of its operation. Just a week before, China's official media had reported that the 6th round of departmental level talks between the two countries on "low-sensitivity areas" at sea had been held in Beijing on July 9-10. Subsequently China also released Vietnamese fishermen that had earlier been detained in the waters of the Paracels. Vietnam responded positively to China's announcement of the withdrawal and verified that the rig had been removed. This action put an end to the incident and related tensions.

Reflections and Implications

Although incidents causing periodic tension in the South China Sea regularly occur between China and Vietnam, this time it occurred in a situation where there had been no incidents since the first half of 2013. Indeed, high-level summits in 2013 had displayed strong commitment to peaceful management of disputes in the South China Sea. The Sino-Vietnamese approach to managing disputes—a system of



talks and discussions on territorial issues ranging from the expert and governmental level to high-level between the respective leaderships—had been deepened and expanded since the second half of 2011.

Thus, the action taken by China to drill in the area west of the Paracel archipelago seemed to run counter to this trend, in particular since it led to the deepest and longest period of tensions relating to a single incident since the 1990s. If China did not expect such a strong and prolonged negative reaction and response from Vietnam then it was a costly misjudgment. It not only caused deep and prolonged tensions with Vietnam and fuelled anti-China sentiments in Vietnam, but also allowed the United States and Japan to use the tension to increase their involvement in the South China Sea situation.

Another development that runs counter to China's interest was the fact that the incident and related tension brought the issue of the Paracel archipelago itself to the forefront. Although Vietnam has made official protests against China's legalization and development projects involving the Paracels in recent years, such protests have mainly served to safeguard Vietnam's sovereignty claim to the archipelago and have not posed a challenge to China's control. However, this time the competing sovereignty claims to the archipelago have been made public and China even felt compelled to bring information about its position and the basis of its claim to the Secretary General of the United Nations in early June.

As for the way out of the crisis it can be argued that gradually it had become apparent that a withdrawal was the only way which could be presented as an acceptable development by both sides. They can both claim that they achieved their goals—China through the completion of the drilling operation, and Vietnam by maintaining pressure on China until the rig was eventually withdrawn.

Conclusions

The urgency for China and Vietnam to address all areas of overlapping claims in the South China Sea has clearly been displayed by the deep and sustained tensions from early May to mid-July 2014. However, there is a lack of mutual agreement on the scope of talks on the South China Sea. Currently only the dispute relating to the Spratly archipelago is on the agenda, with China opposing the inclusion of the Paracel archipelago. Vietnam, for its part, opposes the inclu-

sion of areas to the east of the Vietnamese coast where it has claims to the continental shelf and EEZ areas beyond the limit of the “nine-dashed lines” claimed by China.

The recent tension clearly indicated that all outstanding issues have to be addressed within the framework of the Sino-Vietnamese approach to managing disputes. Both sides have shown in the past that incidents and associated tensions can be managed. However, in order to do so, the agenda must be broadened to include the Paracel archipelago and maritime areas. If this is not done incidents are likely to re-occur in areas that are not included in the agenda and hence not covered by the various levels of bilateral talks. The recent crisis also indicates that the two countries need to repair their relationship. There is a mutual interest to normalize relations and move ahead with bilateral collaboration given the importance of the relationship politically and economically to both sides. Notwithstanding, re-establishing mutual trust might prove to be more difficult, in particular Vietnam's trust in China.

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