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## China's Zero-Sum Game in the South China Sea Rattles its Neighbors

Beijing's 'China takes all' approach to its territorial disputes in the South China Sea continues to complicate its relations with other states. If tensions are to decrease across the region, Beijing needs to realize that boundary disputes cannot be solved by hard power alone, argue Theresa Fallon and Graham Ong-Webb.

By Theresa Fallon and Graham Ong-Webb for ISN

There are three worrying developments in China that risk derailing any resolution to the disputes over the South China Sea. The first is Beijing's inflated perception of its own power, which has led it to adopt a confrontational stance toward the Philippines and to flout international law and norms. Indeed, China has ceased cooperating with other South China Sea littoral states (as well as stakeholders such as the United States) in working towards the kind of binding regional code of conduct that may be necessary to ensure peace and stability in the long-term.

The second development is Beijing's squandering of the soft power it acquired over the last decade, through its diplomatic 'charm offensive' in the early 2000's and its hosting of the Olympics in 2008. In fact, China's conduct in the South and East China Sea disputes is losing it friends at such a rate that future multilateral mechanisms for managing or resolving the disputes are now likely to be less than equitable to China. While, in the short-term, China possesses the hard power to maintain the status quo in the region, this decline in its soft power means that it will be less able to realize its long-term strategic goals without high military and economic costs. With the regional barometer already indicating growing frustration, it will be interesting to see what the diplomatic tenor of the [third ASEAN Maritime Forum](#) in Manila this week is going to be like.

The third development is Beijing's inability to come to terms with the fact that its 'China-takes-all' approach to the dispute will not wash with its regional neighbors and the international community. This is not only because China's historical claims seem incredible to the other parties but because of the difficulty of untangling the competing territorial demands of Taiwan, Indonesia, the Philippines, Vietnam, Malaysia, and Brunei. If the various issues involved in the dispute are to be resolved, claimant states will ultimately have to approach the South China Sea as a maritime commons, and this cannot happen unless China plays ball. China must therefore come to accept that the South China Sea is not its exclusive "coastal real estate" but must instead be parceled out among the various claimants. In fact, if control of the South China Sea is essential to China's naval strategy of "offshore defence" - i.e., to challenging the forward naval presence of the United States in the region - what

better way to win over potential partners such as Vietnam (and its [newly acquired kilo-class submarines](#)) than by softening its stance in this way?

The point here is that there are other approaches to national strategy that can help resolve the South China Sea dispute in China's favor. Beijing must first accept, however, that the 'China-takes-all' model will not work. Clearly, any definitive resolution has to be based on compromise and will fail as long as the parties involved remain hard-headed. For such a resolution to be possible, Beijing must also provide security assurances, adhere to mutually agreed codes of conduct, adopt a resource-sharing mindset, and re-learn how to exercise soft power. After all, as [is frequently observed](#), every country in the region desires a close relationship with Beijing. With the right approach, therefore, Beijing could take the first steps toward establishing a Chinese-led regional order—which would be even more valuable than the South China Sea itself. Instead, however, Beijing has done the opposite -- [announcing](#), for example, in August, that was sending out nearly 9,000 fishing boats from southernmost Hainan province into disputed waters, to increase its fishing presence in the South China Sea. Analysts say the massive push is another attempt by Beijing to strengthen its sovereignty claims over the contested waters and is likely to further fuel tensions in the region.

The reality, of course, is that China throws its weight around in the region at every opportunity and the claims it stakes to oil and gas fields also function as a means of asserting its power. In June, China National Offshore Oil Company (CNOOC) opened bidding on nine oil blocks to foreign companies. These controversial blocks, however, overlap existing blocks claimed by Vietnam. In addition, Beijing uses its fleet of maritime patrol ships to project power. Although these non-military craft are in theory less threatening than the PLA Navy, they nevertheless raise concerns about "gun-boat diplomacy." In order to monitor its coastal seas, China operates more than 300 marine surveillance ships (as of May 2011), with 30 of them weighing over 1,000 tons. [According](#) to the China Marine Surveillance authorities, 36 more ships will be added to this fleet by 2013. In addition, China also operates 10 planes and four helicopters for surveillance purposes in its coastal waters and contested areas in the South China Sea.

Furthermore, China's traditionally ambiguous stance on these issues – designed to buy time – has been challenged by the economic necessity, on the parts of Vietnam and the Philippines, to develop the oil and gas resources they claim. Vietnamese oil production, for example, peaked in 2004, and the country's declining resource base has led it to further develop its offshore energy resources. According to EIA estimates, Vietnam consumed 320,000 bbl/d of oil in 2010 with demand forecast to increase to over 400,000 bbl/d in 2013. The [EIA estimated](#) that Vietnam's energy consumption levels surpassed production in 2011.

Vietnam's approach to tensions in the region has been to "internationalize" its position by creating strategic partnerships with foreign energy companies. National Oil Corporations (NOCs) that it has partnered with include: India's ONGC, Malaysia's Petronas, Japan's Nippon Oil, Thailand's PTTEP, and Korea's National Oil Corporation (KNOC); and multi-nationals include: ExxonMobil, Chevron, and Total. The oldest and largest producers in Vietnam, however, are Russian, including Vietsovpetro (VSP), established in 1967 as a joint venture between PetroVietnam and Zarubezhneft of Russia, Lukoil, Gazprom and BP-TNK. Until recently, Russian companies appeared to be immune to China's complaints about investment in Vietnam's offshore fields.

Beijing's lawyers declared recently that the delineation of exploration blocks by CNOOC strengthened China's claims to jurisdiction. Additionally, the legal basis for Beijing's opposition to Vietnam's activities in these waters was improved. Beijing can now claim that resource development off the coast of Vietnam violates China's domestic resource development laws.

China has never officially stated the extent of its claims in the South China Sea or specified what

the U-shaped line, sometimes referred to as the cow's tongue (as it appears to lick-up about 80 per cent of the region) apparently means. After decades of legal conferences held throughout the world no one is quite sure yet whether China claims just the water or the land features within the line of the South China Sea or both. In addition, no one knows what rights China claims within the area. Some have characterized this position of studied ambiguity as "lawfare" or "legal warfare". Perhaps Chinese legal experts understand that the moment they do take a position, the other littoral states will respond with their counter-claims and thus start the process of clarification and negotiation. Apparently, Chinese policy is to pursue and prolong their ambiguous stance - to the exasperation of the international maritime community.

China appears to consider calls for respect of the rule of law, the UN Convention on the Law the Sea, international norms and responsible stakeholder behavior to be empty rhetoric. Recently, China has refused a request by the Philippines to refer their bilateral dispute to the International Tribunal for the Law of the Sea (ITLOS). International legal mechanisms are available to solve maritime boundary disputes: not only ITLOS, but also the arbitral tribunals under the jurisdiction of UNCLOS and the International Court of Justice. However, for these legal mechanisms to work China must first come to the realization that the South China Sea boundary dispute cannot be solved by military and economic power alone, that it needs to exercise soft power to win friends and exert leadership in the region and that it needs to adopt a resource-sharing approach.

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For additional reading on this topic please see:

[Don't Forget About the East China Sea](#)  
[Stirring up the South China Sea \(I\) By Invitation, Mostly: The International Politics of the US Security Presence, China, and the South China Sea](#)

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