

Stirring up the South China Sea (III): A Fleeting Opportunity for Calm

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Executive Summary

The South China Sea is the cockpit of geopolitics in East Asia. Five countries – Brunei, China, Malaysia, the Philippines and Vietnam – plus Taiwan have substantial and competing territorial and maritime claims in a body of water that is both an important source of hydrocarbons and fisheries and a vital trade corridor. The recent history has been scarred by cycles of confrontation. Today, the clashes are becoming more heated, and the lulls between periods of tension are growing shorter. As the region continues to grow in influence and power, the handling of the competing claims will set the tone for relations within East Asia for years. The cost of even a momentary failure to manage tensions could pose a significant threat to one of the world's great collaborative economic success stories. Despite China's controversial development of some of the reefs it controls, the current relatively low temperature of the disagreement offers a chance to break the cycle, but it is likely to be short-lived. The countries of the region, supported by the wider international community, need to embrace the opportunity while it lasts.

The competition in the South China Sea goes back decades if not centuries, but the dynamics of the latest round of confrontation were set in motion by China's decision in May 2014 to deploy an oil exploration rig in waters claimed by both it and Vietnam. The deployment provoked deadly riots in Vietnam and widespread diplomatic condemnation: the rig was withdrawn two months later. The unexpected intensity of the response and the diplomatic fallout that followed prompted some deep reflection in policy circles in Beijing and the adoption of a less provocative stance. Despite retooling its tactics, however, Beijing remains committed to consolidating its claims over the islands and waters within what is known as the "nine-dash line", an ill-defined loop that encompasses the majority of the area of the South China Sea, as can be seen by its extensive construction on a number of reefs it controls.

Though the current situation does not inspire confidence in a lasting calm, it nevertheless offers a window of opportunity for regional stakeholders to harness China's desire to avert another major deterioration in relations. In particular, Beijing has struck a more cooperative tone toward ASEAN (Association of South East Asian Nations). The ten-member grouping is pushing for a formal Code of Conduct to guard against and mitigate the impact of accidental clashes leading to confrontation.

Beijing's tactical adjustment could be another instance of its well-established practice of oscillating between assertive actions to expand control followed by gestures to repair diplomatic ties and consolidate gains. This cycle has become more compressed in recent years, with shorter lulls and more-frequent flare-ups, owing in part to China's increased desire and capability to advance its claims.

Beijing's twin policy goals of stability on its periphery and safeguarding asserted maritime rights, which are inherently inconsistent in the context of the South China Sea, mean it continues to seek opportunities to gain ground when it deems tensions are manageable. Although the aftermath of the oil-rig deployment triggered a reassessment, not least because it led to a strengthening of ties between key South East Asian claimants and the U.S., the mainstream of its foreign policy analysts concluded that China needs only to push its claims with more patience and tactical savvy, rather than reconsider the claims as such.

President Xi Jinping's foreign policy style has been characterised by a combination of soothing words and muscular actions, leading domestic and external observers to conclude he is more nationalist, more determined to assert maritime claims and less risk-averse than his predecessor. In an environment where a hard line carries far less political risk than moderation, foreign policy decision-making and implementation skew toward stridency.

Accordingly, confidence in China's promise of a "peaceful development" has been dropping in key capitals around the region. The Philippines reacted to a sense of "being bullied by China" by tightening relations with its treaty ally, the U.S. Members of the Manila policy establishment who supported bilateral engagement with Beijing lost influence after a mid-2012 standoff that began with the Philippines trying to arrest a group of Chinese fishermen and ended with China seizing control of the Scarborough Shoal, claimed by both but controlled by neither before the incident. In January 2013, Manila initiated international arbitration of its dispute with China. Beijing was incensed, refused to participate, and bilateral relations have gone into a virtual freeze.

Although Beijing's subsequent gestures at repairing ties with Vietnam have restored some hope in bilateral diplomacy, the deployment of the oil rig has done lasting damage to Hanoi's confidence in both the predictability and intentions of its giant neighbour. Vietnam is hedging the uncertainty by courting Washington; pushing ASEAN to take a more proactive role in managing South China Sea issues; and preparing a possible legal case of its own against China.

Indonesia, ASEAN's largest member and de facto leader, views Beijing's strategic intentions warily. It says it is not a South China Sea claimant but has lodged protests against the nine-dash line, which appears to extend claims to near Indonesia's Natuna Islands. Since 2009, China has reportedly reacted sharply to Jakarta's attempt to enforce its laws against Chinese boats allegedly fishing illegally. The splintering of ASEAN in 2012 over South China Sea issues distressed Indonesia, which is invested in its norms and unity, and raised questions among the foreign policy elite about whether China seeks to undermine the regional body.

Beijing's revision to its tactics offers an opportunity to break the debilitating cycle of tension spikes followed by relative calm. Overtures to secure the region's cooperation for its 21st Century Maritime Silk Road initiative, a Xi Jinping priority, may provide further scope for multilateral diplomacy at a time when Beijing is verbally endorsing ASEAN's lead role in maintaining South China Sea peace and stability – even if it does so mainly to block U.S. influence and rein in the Philippines. Indonesia is still resolved to guide the formulation of a maritime Code of Conduct, which would commit claimants to a set of consensus-based behavioural norms. Vietnam and the Philippines are also still invested in that ASEAN-driven process. The 2015 ASEAN chair, Malaysia, is well positioned to lead, as a claimant country that has amicable relations with China and is one of the more diplomatically capable members. The region thus stands a credible chance to experience a more durable calm in the troubled waters.

Recommendations

To achieve meaningful progress on formulating a Code of Conduct in the South China Sea

To the government of China and ASEAN:

1. Implement operational details of foreign ministry hotlines to ensure:
 - a) they remain open at all times; and
 - b) the people/departments responsible for them have the authority to reach decision-makers speedily and instruct front-line personnel in an emergency.
2. Initiate a multi-agency consultation framework – modeled on the China-Japan high-level consultation on maritime affairs – among China and other South China Sea littoral states that includes agencies with authority over foreign affairs, defence, maritime law enforcement, fisheries regulations and search and rescue in order to:
 - a) help identify each agency's counterpart;
 - b) clarify misunderstandings that could originate from differences in maritime laws and law enforcement; and
 - c) seek opportunities for confidence building, such as cooperation on enforcement of fisheries regulations.

To the governments of China and Indonesia:

3. Expand combined bilateral naval exercises on implementation of the Code for Unplanned Encounters at Sea, to include navies of all South China Sea littoral states.

To external nations, other than China, and organisations with direct ties to ASEAN:

4. Provide technical assistance and organisational support on incident-at-sea crisis management, for example by organising and sponsoring workshops on best practices involving China and ASEAN.

Beijing/Manila/Hanoi/Jakarta/Singapore/Brussels, 7 May 2015

Stirring up the South China Sea (III): A Fleeting Opportunity for Calm

I. Introduction

Sovereignty disputes in the South China Sea involve five countries plus Taiwan. China (and Taiwan) claim sovereignty over all its islands. Vietnam, the Philippines, Malaysia, and Brunei each claim some of the land features.¹ Further complicating the labyrinth of claims is the “nine-dash line” that appears in official Chinese maps. It loops down from the coast to take in most of the South China Sea – 60 to 90 per cent depending on the assumed geographic extent of the sea – significantly overlapping exclusive economic zones asserted by the other claimants and by Indonesia.² Though the area has seen a pattern of confrontations followed by periods of relative calm for decades, volatility has increased in recent years and the lulls grown shorter.

The most serious confrontations have pitted China against Vietnam and the Philippines separately. In 1974, China seized Vietnam’s last toehold in the Paracels and completed its occupation of that island chain after a naval clash. In 1988, its navy arrived among the Spratly Islands, sparking a race with Vietnam for control of reefs that culminated in a brief battle in which 74 Vietnamese sailors died and that ended with China gaining six land features.³ In late 1994/early 1995, China built structures on stilts above the Mischief Reef, part of the Philippine continental shelf. Upon discovery, Manila protested in vain.⁴ Regional outcries impelled China to dial down its assertiveness, and in 2002 it signed the Declaration on the Conduct of Parties in the South China Sea (DOC) with the Association of South East Asian Nations (ASEAN).

The waters of the South China Sea became turbulent again in 2009. To meet the May deadline for submissions regarding the outer limits of the continental shelf beyond 200 nautical miles from their territorial sea baselines, states raced to submit

¹ For previous Crisis Group reporting on South China Sea maritime disputes, see Asia Report N°223, *Stirring Up the South China Sea (I)*, 23 April 2012; and N°229, *Stirring up the South China Sea (II): Regional Responses*, 24 July 2012. For reporting on other maritime disputes involving China, see Asia Reports N°258, *Old Scores and New Grudges: Evolving Sino-Japanese Tensions*, 24 July 2014; and N°245, *Dangerous Waters: China-Japan Relations on the Rocks*, 8 April 2013.

² “Note Verbale to the Secretary-General of the United Nations with regard to the joint submission made by Malaysia and Vietnam to the Commission on the Limits of the Continental Shelf”, People’s Republic of China, CML/17/2009, 7 May 2009. Based on the definition by the International Hydrographic Organization of the South China Sea, bordered, clockwise from the north, by China, Taiwan, the Philippines, Malaysia, Brunei, Indonesia, Singapore, Thailand, Cambodia and Vietnam, the U.S. Department of State estimates the nine-dash line encompasses 62 per cent of the South China Sea. “China: Maritime Claims in the South China Sea”, *Limits in the Sea*, no. 143, U.S. Department of State, 5 December 2014, p. 4. “Limits of Oceans and Seas”, International Hydrographic Organization, 1953, pp. 30-31. Media reports often refer to estimates of 80 to 90 per cent. See, for example, “Analysis, China’s nine-dashed line in South China Sea”, Reuters, 25 May 2012. See Appendix A below for a map of the South China Sea.

³ M. Taylor Fravel, “China’s Strategy in the South China Sea”, *Contemporary Southeast Asia*, vol. 33, no. 3 (December 2011), p. 298.

⁴ Daniel J. Dzurek, “China Occupies Mischief Reef In Latest Spratly Gambit”, *IBRU Boundary and Security Bulletin*, April 1995, pp. 67-68.

claims and counter-claims to the Commission on the Limits of the Continental Shelf, established to facilitate implementation of the United Nations Convention on the Law of the Sea (UNCLOS).⁵ The following year saw heated rhetoric at regional forums and a large Chinese naval exercise. Chinese law enforcement vessels and fishing boats frequently confronted and clashed with Philippine and Vietnamese surveillance ships in the first half of 2011. To defuse tensions, Beijing began to prioritise diplomacy, but the calm was short-lived.⁶

In April 2012, a Philippine warship tried to arrest Chinese fishermen deemed to be operating illegally around the Scarborough Shoal. A prolonged standoff between law enforcement vessels ended with China seizing de facto control of the shoal and blocking its entrance in July.⁷ A month earlier, Vietnam passed a law that included new navigation regulations covering the Spratly and Paracel Islands.⁸ China reacted by upgrading Sansha, a settlement in the Paracels, to a prefecture-level municipal government with administrative authority over all islands in the South China Sea.⁹ The state-owned China National Offshore Oil Corporation then offered oil exploration leases in nine blocks within Vietnam's claimed Exclusive Economic Zone (EEZ).¹⁰

The strain was felt regionwide. In July that year, for the first time in its 45-year history, ASEAN failed to issue a joint communiqué at its annual foreign ministers meeting, as the chair (Cambodia) reportedly acted at China's behest to block reference to South China Sea disputes.¹¹ The rest of 2012 saw continuing diplomatic spats between Beijing and both Manila and Hanoi.¹²

In January 2013, the Philippines formally notified Beijing that it was seeking international arbitration against the nine-dash line claim and its "unlawful acts" in the South China Sea.¹³ China refused to participate and increased pressure on Manila, attempting to block re-supply of a military ship beached in 1999 at the Second Thomas

⁵ A coastal state intending to establish the outer limits to its continental shelf beyond 200 nautical miles was required to do so within ten years of the date when UNCLOS entered into force for it. After developing nations expressed concerns about the deadline, it was changed to 13 May 2009 for a state for which UNCLOS entered into force before 13 May 1999. "Commission on the Limits of the Continental Shelf (CLCS) Purpose, functions and sessions" and "Issues with respect to article 4 of Annex II to the Convention (ten-year time limit for submission)", Commission on the Limits to the Continental Shelf website, www.un.org/depts/los/clcs_new/clcs_home.htm.

⁶ Crisis Group Report, *Stirring Up the South China Sea (I)*, op. cit., pp. 5-6, 32-36.

⁷ Taylor Fravel, "Redefining the Status Quo", *The Diplomat*, 2 November 2012.

⁸ "Vietnam law on contested islands draws China's ire", *The New York Times*, 21 June 2012.

⁹ "民政部发言人就国务院批准设立地级三沙市答问", 新华社, ["Ministry of Civil Affairs spokesperson says State Council approves the establishment of Sansha City", Xinhua News Agency], 21 June 2012. "Sansha military garrison established", *The China Daily*, 27 July 2012.

¹⁰ "Notification of Part of Open Blocks in Waters under Jurisdiction of the People's Republic of China Available for Foreign Cooperation in the Year of 2012", China National Offshore Oil Corporation, press release, 23 June 2012. "Vietnam Spars With China Over Oil Plans", *The Wall Street Journal*, 27 June 2012.

¹¹ For a detailed account of ASEAN's failure in 2012, see Carlyle A Thayer, "ASEAN's Code of Conduct in the South China Sea: A Litmus Test for Community-Building?", *The Asia-Pacific Journal*, vol. 10, issue 34, no. 4, 20 August 2012, pp. 1-23.

¹² In November, China issued new passports with a map that includes its South China Sea claim. The Philippines and Vietnam protested. "China angers neighbors with sea claims on new passports", Reuters, 22 November 2012. In December, Vietnamese state oil and gas company Petrovietnam accused Chinese fishing boats of cutting the cables attached to a Vietnamese seismic boat exploring for oil and gas near the Gulf of Tonkin. "Dispute Flares Over Energy in South China Sea", *The New York Times*, 4 December 2012.

¹³ "Notification and Statement of Claim", Republic of the Philippines, 22 January 2013.

Shoal to mark the Philippine claim.¹⁴ Minor maritime disputes, including allegations that Chinese vessels sank a Vietnamese fishing boat and China's decision to run tourist cruises to the Paracels, were constant irritants to Beijing-Hanoi relations during 2013's first months.¹⁵

In the second half of 2013, however, Beijing took a more placatory approach with Vietnam. High-level visits picked up, and the two agreed to hotlines between their navies and agriculture ministries to manage fishing incidents.¹⁶ In October, President Xi Jinping and Premier Li Keqiang toured the region, with Li in Brunei for the East Asia Summit and Xi in Bali at the Asia-Pacific Economic Cooperation (APEC) summit. Both called for greater economic cooperation, regional integration and mutual trust.¹⁷ Li agreed in Hanoi with Prime Minister Nguyen Tan Dung to "well manage" sea disputes and pursue joint exploration in the South China Sea.¹⁸ In a high-profile speech, Xi stated: "The path of peaceful development is the [Communist] Party's strategic choice in line with the times and the fundamental interests of the country".¹⁹

But the moderation again was fleeting. In May 2014, Beijing deployed HYSY981 – its first indigenous deep-water drilling rig – in waters around the Paracels, triggering face-offs and collisions between dozens of Chinese and Vietnamese vessels in which a Vietnamese fishing boat was sunk.²⁰ After China withdrew the rig in July, it again stepped up bilateral diplomacy and expressed willingness for multilateral co-operation.²¹ But mistrust had thickened, and tensions continued to simmer at sea.

This is the third Crisis Group report on South China disputes. The first examined competition and lack of coordination among China's government agencies that drove them to stoke tensions in the sea. The second analysed factors that motivated other claimants, especially Vietnam and the Philippines, to assert their positions. Both were published in 2012. This report analyses key events since late 2012 and focuses primarily on their domestic, diplomatic, strategic and geopolitical drivers and implications for regional security. China, the Philippines and Vietnam (the most active claimants) and Indonesia (a major stakeholder) are the main subjects. The report is based principally on interviews in Beijing, Manila, Hanoi, Jakarta and Singapore with government officials, diplomats, security analysts, academics and lawyers, many of whom requested that they not be identified beyond their professional position.

¹⁴ "South China Sea tension mounts near Filipino shipwreck", Reuters, 29 May 2013.

¹⁵ "Chinese tour ships set sail to disputed Paracel islands", Agence France-Presse, 28 April 2013. "Vietnam accuses China as boat sinks", *The Guardian*, 27 May 2013.

¹⁶ "China, Vietnam set up naval hotline", *China Daily*, 7 June 2013. "China, Vietnam ink agreement on fishery hotline", Xinhua, 21 June 2013.

¹⁷ "Li Keqiang Attends the Eighth East Asia Summit, Stressing to Push Forward Cooperation in East Asia", foreign ministry press release, 11 October 2013. "President Xi Jinping Makes Remarks on Promoting the Connectivity in the Asia Pacific at the 21st APEC Economic Leaders' Meeting", foreign ministry press release, 16 October 2013.

¹⁸ "Vietnam Vows to Boost Political Ties With China in Visit", Bloomberg, 15 October 2013.

¹⁹ "Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries", foreign ministry press release, 25 October 2013.

²⁰ "Vietnam tries to stop China oil rig deployment", Associated Press, 7 May 2014.

²¹ "China Moves Oil Rig From Contested Waters", *The Wall Street Journal*, 16 July 2014.

II. Beijing: Tactical Adjustment

A. HYSY981: “Wrong Time, Wrong Location, Wrong Target”

China deployed HYSY981 on 2 May 2014 to an area seventeen nautical miles from the south-western-most Paracel Islands.²² After just a few days, the situation escalated into an intense standoff involving dozens of Chinese and Vietnamese law enforcement vessels, with allegations of ramming and the use of water cannon, and naval ships from both sides monitoring at a distance.²³ The confrontation at sea fuelled large anti-China protests across Vietnam, escalating into deadly riots in mid-May. In late May, a Vietnamese vessel sank after a collision with a Chinese ship. The crisis continued for two more months, until China removed the rig.²⁴

Deployed not long before a series of high-level regional gatherings, the oil rig focused the region’s attention on tensions in the South China Sea and subjected China to much criticism. Without naming Beijing, ASEAN foreign ministers issued a statement expressing “their serious concerns over the ongoing developments in the South China Sea”, and in a joint communiqué, ASEAN leaders called on “all parties to exercise self-restraint and non-use of force, as well as refrain from taking actions that would further escalate tension”.²⁵ This put the Paracels dispute on ASEAN’s agenda, changing the stance that it was a matter best handled between Beijing and Hanoi.²⁶ U.S. Defense Secretary Chuck Hagel called out China at the Shangri-La Dialogue for taking “destabilising” actions.²⁷

Unlike previous maritime incidents in which Beijing had cited actions by rival claimants to justify its moves, the oil-rig deployment was unprovoked.²⁸ “China was

²² “The Operation of the HYSY 981 Drilling Rig: Vietnam’s Provocation and China’s Position”, foreign ministry press release, 8 June 2014.

²³ The Vietnamese side said China sent 30 ships, mainly law enforcement vessels, initially, about 60 by 5 May and 140, including military vessels, at the peak of the standoff. Hanoi said Chinese vessels “surrounded, rammed and fired water cannon at Vietnamese civilian law enforcement ships”. Later Vietnamese officials said that Chinese naval vessels kept a distance from the scene, and the Vietnamese navy was also monitoring the situation from afar. “5 June International Press Conference on the situation in the East Sea”, Vietnamese foreign ministry, 5 June 2014. Crisis Group interview, diplomat, Beijing, September 2014. China said Vietnam dispatched 63 vessels by 7 June, “attempting to break through China’s cordon and ramming the Chinese government ships a total of 1,416 times”. “The Operation of the HYSY 981 Drilling Rig”, op. cit.

²⁴ “At least 21 dead in Vietnam anti-China protests over oil rig”, *The Guardian*, 15 May 2014; “Vietnamese Vessel Sinks in Clash Near Oil Rig”, *The New York Times*, 26 May 2014; “China withdraws oil rig from waters disputed with Vietnam, but warns it could return”, *The Washington Post*, 16 July 2014.

²⁵ “ASEAN Foreign Ministers’ Statement on the Current Developments in the South China Sea”, ASEAN press release, 10 May 2014; “Nay Pyi Taw Declaration on Realisation of the ASEAN Community by 2015”, ASEAN press release, 11 May 2014.

²⁶ Crisis Group interview, Ian Storey, Senior Fellow, Institute of Southeast Asian Studies, Singapore, December 2014.

²⁷ Hagel said China “has undertaken destabilising, unilateral actions asserting its claims in the South China Sea”. Other countries, such as Japan and Vietnam, criticised Beijing without naming it. Hagel speech, Singapore, 31 May 2014; Shinzo Abe, keynote address at the Shangri-La Dialogue, 30 May 2014; Phung Tuang Thanh, speech at the Dialogue, 31 May 2014.

²⁸ Crisis Group has termed the Chinese tactics before the oil-rig deployment “reactive assertiveness”, through which Beijing took advantage of a rival claimant’s action to push back hard and change the status quo in its favour. Crisis Group Report, *Dangerous Waters*, op. cit., pp. 12-15.

not reacting anymore but proactively asserting our claims. It appeared aggressive”, a Chinese analyst said. “We made the world nervous”.²⁹

On the heels of Beijing’s goodwill outreach to Vietnam and ASEAN, this appeared to contradict Chinese diplomacy. “We understand our actions have been confusing. On one hand, we talked about ‘amity, sincerity, mutual benefit and inclusiveness’. On the other, we sent [HYSY]981”, another analyst said.³⁰

Concerned regional countries are seeking to hedge against uncertainty over China. The Philippines and Vietnam have continued to tighten security ties with the U.S. Malaysia, which publicly downplays its dispute, plans to upgrade a naval base and build a new one in the South China Sea.³¹ In Indonesia, a founder of the Non-Aligned Movement, desire for a firm U.S. commitment to provide a lasting counter-balancing presence in the region parallels growing doubts about China.³² Beijing has taken note, and some analysts warned that Chinese actions risk delivering regional countries into Washington’s arms.³³ Inquiries about China’s intentions have come from Russia, South Korea and some Central Asian countries on warm terms with Beijing.³⁴

The aftermath of the HYSY981 incident prompted quiet but extensive reflection among China’s foreign policy thinkers.³⁵ Publicly they praised the deployment for strengthening the claim to the Paracels; expanding exploration further south and closer to the Spratlys; and putting pressure on other claimants to participate in joint development, a key component of China’s South China Sea policy since the 1980s that has been coolly received by other claimants.³⁶ In internal memos, closed-door conferences, and briefings to senior officials, however, they criticised its wisdom; one scholar bluntly told officials that the oil rig was deployed “at the wrong time, wrong location, and against the wrong target”.³⁷ Another said the clashes and resulting attention “made the whole world know the Paracels are disputed”, at a time when China exercises de-facto control and denies their sovereignty is contested.³⁸ A mainstream view among the analysts is that “the loss has outweighed the gain”.³⁹

²⁹ Crisis Group interview, Beijing, October 2014.

³⁰ Crisis Group interview, Beijing, October 2014.

³¹ “Malaysia to Establish Marine Corps and South China Sea Naval Base”, *The Diplomat*, 19 October 2013; “Malaysia Eyes Submarine Base Expansion Near South China Sea”, *The Diplomat*, 28 January 2015. For more on the Philippines and Vietnam, see Sections III-IV below.

³² Crisis Group interviews, Indonesian officials, analysts, Jakarta, December 2014. “Indonesia flags military build-up to protect presence in South China Sea”, *The Sydney Morning Herald*, 30 May 2014. For more analysis on Indonesia, see Section V below.

³³ Crisis Group interviews, Beijing, September and October 2014.

³⁴ Crisis Group interviews, Chinese scholars, Beijing, July, September 2014.

³⁵ “You don’t see such debates in the media. What scholars write in the media and what we report up to leaders are different”, a Chinese scholar affiliated with a state think-tank confessed. Crisis Group interview, Beijing, September 2014.

³⁶ See, for example, 薛力, “中国为何提早撤走981钻井平台” [Xue Li, “Why did Chinese withdraw 981 drilling platform ahead of schedule”], *Financial Times* (Chinese Online), 21 July 2014. Joint development has been a fixture of Chinese policy since Deng Xiaoping proposed it to Filipino Vice President Salvador Laurel in June 1986. It has never been successfully implemented, partly due its precondition that “the sovereignty of the territories concerned belongs to China”. “Set aside dispute and pursue joint development”, Chinese foreign ministry website. Crisis Group Report, *Stirring up the South China Sea (I)*, op. cit, pp. 29-30. The challenges to joint development will be analysed in a subsequent report.

³⁷ Crisis Group interview, Beijing, August 2014.

³⁸ Crisis Group interview, Chinese analyst, Beijing, October 2014.

³⁹ Crisis Group interviews, Chinese analysts, Beijing, September, October 2014.

The debate on the way forward is far from settled and divides analysts roughly into three camps. The hard line argues that assertiveness is a justifiable course correction. A scholar who advises the government commented:

Previously, we did not pay attention to maritime rights and did not act to protect them, but as China's standing rises, it's inevitable that we want to turn to the sea. What China does in respect to maritime disputes may appear assertive to other countries but are just normal in my view.⁴⁰

According to this view, the attendant diplomatic pain will ease as the balance of power continues to shift in China's favour. "China is betting that by gradually turning more hard-line, other countries will get used to the change and accommodate it. They are small countries. The U.S. will be too tied up by crises in other regions", said a security official.⁴¹

On the other end of the spectrum, strategic moderates argue that, as a rising power with increasing demands and capability to project power, China's national interests are ultimately aligned more with ensuring greater access to the wider sea than asserting sovereignty claims. "China has benefited from the freedom that the high sea provides but hasn't realised that the bigger the high sea, the better it is for China", said a well-known scholar.⁴² It better serves China's long-term strategic interests, the argument goes, to defend global commons than succumb to "the mentality of land grabbing".⁴³

The government weaves together elements of both viewpoints without endorsing either. A policy elite majority that could be called tactical moderates follows what the Chinese call the "middle path" (中庸之道). It argues that China should continue asserting its claims, but with more patience, tactical savvy and better cost-benefit analysis. It tends to see the oil-rig deployment as a mistake but the Scarborough Shoal standoff as a success in which China skilfully used actions by a rival claimant to its advantage. An analyst who called the oil-rig deployment a "rash action" nonetheless supports reclamation projects in the Spratlys as advancing vital strategic interests.⁴⁴ Another who criticised the oil-rig decision suggested that China use unilateral development of oil and gas resources to pressure rival claimants into joint development, "but the location has to be in the Spratlys, not the Paracels".⁴⁵

B. *Same Strategy, New Tactics*

The diplomatic cost of the HYSY981 deployment and the self-reflection it triggered prompted Beijing to make "some political adjustment".⁴⁶ Bilateral engagement with Vietnam resumed. Most notably, Chinese leaders received Le Hong Anh, special envoy of the Vietnamese Communist Party General Secretary, in August 2014. The two sides agreed "to effectively control sea disputes and not act to complicate or expand disputes", which the Vietnamese took as a promise of sorts that Beijing would not act

⁴⁰ Crisis Group interview, Beijing, December 2013.

⁴¹ Crisis Group interview, Beijing, July 2014.

⁴² Crisis Group interview, Beijing, July 2014.

⁴³ Crisis Group interviews, Chinese scholars, Beijing, July, August 2014.

⁴⁴ Crisis Group interview, Beijing, September 2014.

⁴⁵ Crisis Group interview, Beijing, August 2014.

⁴⁶ Crisis Group interview, Chinese analysts, Beijing, September 2014.

again in the fashion of the HYSY981 deployment. A Chinese official confirmed that “China won’t strike out proactively again, at least for a while”.⁴⁷

Beijing also opened the door to a greater role for ASEAN. Foreign Minister Wang Yi in August put forth a “dual-track” proposal: relevant disputes should be addressed by countries directly concerned through friendly consultations and negotiations, and peace and stability in the South China Sea should be jointly maintained by China and ASEAN.⁴⁸ A year before, he had said the sea disputes were not problems between China and ASEAN.⁴⁹ “Dual-track” represented China’s agreement that, “all ASEAN members can and should play a role in South China Sea peace and stability”, a shift from previous resistance to a role for the regional body.⁵⁰ Premier Li reiterated the dual-track plan in November and pledged support for an “early-harvest” approach to formulating a binding Code of Conduct in the South China Sea: reaping low-hanging fruit, such as cooperation on search and rescue at sea and foreign ministry hotlines before tackling tougher issues.⁵¹

Despite revision in tactics, “the overall strategic direction of proactively making advances won’t change, and the will to safeguard our maritime rights will not change”, said a scholar who advises the government.⁵² That is to say, Beijing continues to advance its claims when it judges it can control resulting tensions. For example, it began reclamation of land features it controls mid-2014. Satellite images reveal it has built up more than four sq.km of landmass around seven reefs it controls in the Spratlys and a three-km runway on Fiery Cross Reef.⁵³

As the extent of Chinese dredging and construction became clear, attention in the region focused again on South China Sea tensions in spring 2015. Washington turned up its criticism, delivered in quick succession by the president, the defence secretary and high-level naval commanders.⁵⁴ Of South East Asian nations, Manila was most vocal in its opposition, appealing to ASEAN to tell China to stop its “massive reclamations”.⁵⁵ Following a late-April summit, ASEAN leaders expressed “serious con-

⁴⁷ “Viet Nam, China agree to restore, develop ties”, Vietnamese foreign ministry press release, 27 August 2014. Crisis Group interviews, including diplomat, Beijing, October 2014.

⁴⁸ “China supports ‘dual-track’ approach to resolve South China Sea issue: Chinese FM”, Xinhua, 10 August 2014.

⁴⁹ “王毅：南海争议不是中国与东盟之间的问题” [“Wang Yi: South China Sea disputes are not problems between China and ASEAN”], China.com, 29 August 2013.

⁵⁰ 薛力, “‘双轨思路’与南海争端的未来”, 《世界知识》 [Xue Li, “‘Dual-Track Approach’ and the Future of South China Sea Disputes”, *World Affairs*], 11 September 2014.

⁵¹ “中国东盟重申将致力于落实《南海各方行为宣言》”, 新华网 [“China, ASEAN reaffirm focus on implementing Declaration on the Conduct of Parties in the South China Sea”, Xinhua Online], 14 November 2014.

⁵² Crisis Group interview, Chinese strategist, Beijing, October 2014.

⁵³ “China building airstrip-capable island on Fiery Cross Reef”, *IHS Jane’s Defence Weekly*, 20 November 2014; “Island Tracker”, Asia Maritime Transparency Initiative, Center for Strategic and International Studies.

⁵⁴ U.S. Pacific Fleet commander Admiral Harry Harris said China was building a “great wall of sand” that raised “serious questions about Chinese intentions”. Speech to Australian Strategic Policy Institute, Canberra, Australia, 31 March 2015. Defence Secretary Ashton Carter said China’s actions “seriously increase tensions and reduce prospects for diplomatic solutions”. “Piling Sand in a Disputed Sea, China Literally Gains Ground”, *The New York Times*, 8 April 2015. President Obama chided China for “using its sheer size and muscle to force countries into subordinate positions”. “Obama says concerned China bullying others in South China Sea”, Reuters, 10 April 2015.

⁵⁵ “Manila Appeals to Asean to Stop China Reclamation in South China Sea”, Reuters, 26 April 2015.

cerns” about China’s island-building activities and said they have “eroded trust and confidence and may undermine peace, security and stability in the South China Sea”.⁵⁶

China’s island reclamation activities are said to be based on “a strategic decision”, originating from the top, to boost claims and enhance power projection, with forward airfields and supply bases for patrol vessels and warships.⁵⁷ The foreign ministry in April stressed that they are mainly for peaceful and civilian purposes, such as search and rescue and scientific research, but mentioned that they are also to meet “necessary military defence requirements”.⁵⁸

The explanation has failed to assuage concerns about China’s intentions. Admiral Samuel Locklear, commander of the U.S. Pacific Command, said China might eventually deploy radars and missile systems on its reclaimed islands.⁵⁹ Hanoi has refrained from public criticism in order not to upset the recovering bilateral ties, but is concerned that enhanced Chinese military presence in the South China Sea could weaken its missile deterrence or block re-supply routes from the Vietnamese mainland to islands it controls in the Spratlys.⁶⁰

Beijing is also driven by a sense of urgency, as “other claimants have been developing islands they occupy for decades, and we are only catching up”. Indeed, China and Brunei are the only claimants without airstrips in the Spratlys.⁶¹ Beijing thus rejected a proposal – first by the U. S., then Manila – to freeze construction in the South China Sea while the Code of Conduct is being prepared.⁶² “China still wants to delay the Code of Conduct process, as we feel we are in a race to make up for the lost time, now that China has the technology [to assert claims]”, an analyst said.⁶³ Agreeing to the “early-harvest” approach could be seen as part of a delaying tactic, allowing Beijing to deflect pressure and claim progress, while continuing to do what it considers strategically vital.

C. *Cycles of Tension and Calm*

The limited scope of Beijing’s tactical adjustment means the situation in the South China Sea remains volatile and may well return to one of greater tension. The March to June period raises the potential for clashes, with weather conducive to fishing, exploration, law enforcement patrols and naval exercises; the Scarborough Shoal and HYSY981 incidents were during this period. Disagreements could be carried to high-level regional forums in May-June, but those sessions could also give opportunity for engagement. The typhoon season, roughly June to September, offers a window for de-escalation and diplomacy, and regional October-November summits – Asia-Pacific Economic Cooperation (APEC), ASEAN-China and East Asia – allow leaders to re-engage and reaffirm peaceful intentions.

⁵⁶ “Our People, Our Community, Our Vision”, Chairman’s Statement of the 26th ASEAN Summit, Kuala Lumpur and Langkawi, 27 April 2015.

⁵⁷ Crisis Group interviews, Chinese security official, scholars, admiral, Beijing, July, September, November 2014.

⁵⁸ “China’s Statement on Its Construction in the South China Sea”, *The New York Times*, 10 April 2015.

⁵⁹ PACOM House Armed Services Committee testimony, Washington, 15 April 2015.

⁶⁰ Crisis Group interview, diplomat, Beijing, April 2015.

⁶¹ Crisis Group interviews, Chinese analysts, Beijing, July, October 2014. Brunei does not control any features. See Appendix B for a map of islands controlled and being developed by claimants.

⁶² “China Rejects Philippines’ Call for Construction Freeze”, *The Wall Street Journal*, 16 June 2014.

⁶³ Crisis Group interview, Beijing, October 2014.

Dating back to the 1970s, Beijing's behaviour alternates between assertive, at times aggressive, actions to gain control of islands and waters and ameliorating gestures to lower tensions and consolidate gains.⁶⁴ In recent years, this cycle has been compressed. Friction has become more frequent, the lulls shorter, as China has shown itself to be more willing to flex its muscles and less likely to stand down. "We are more assertive", a Chinese scholar said, "because we now have the money, technology and capability to be so".⁶⁵

The current strategy is in part driven by the policy of Xi Jinping. In a July 2013 speech to the Politburo, he said the country has to "plan as a whole, maintaining stability and safeguarding rights (统筹维权与维稳两个大局)".⁶⁶ Chinese analysts say this policy prescribes "dynamic balance" between what are in the South China Sea context inherently conflicting goals, but they confess to not knowing exactly how this is to be implemented. "You won't find anyone who knows what it really means", said a maritime agency official.⁶⁷

By one interpretation, Beijing will adjust its priorities "according to the international environment"; thus, China changed its focus to maintaining stability after its oil-rig deployment "made our neighbours unanimously critical of us and tarnished our international reputation. But if other countries reach out for a yard after taking an inch while we remain restrained, safeguarding rights could become more important".⁶⁸

D. *Xi Style: "Go Big and Go Fast"*

Since becoming president in March 2013, Xi Jinping's foreign-policy style has been characterised by soothing words but assertive actions on the ground, creating confusion among both external and internal observers. In an October 2013 speech on China's diplomacy, he stated: "The basic principle of diplomacy with neighbours is to treat them as friends and partners, to make them feel safe and to help them develop".⁶⁹ Diplomats from several neighbouring countries said this was taken as a signal of moderation.⁷⁰

Chinese analysts also said the speech, together with the Xi-Li charm offensive around the same time, was interpreted as the leader's wanting to "change the thinking" from a muscular approach to maritime disputes to more nuanced diplomacy.⁷¹

⁶⁴ China's behaviour of alternating between "a delaying strategy, which involves maintaining a state's claim to a piece of land but neither offering concessions nor using force", and "a strategy of escalation, engaging in coercive diplomacy to achieve a favourable outcome at the negotiating table", until 2011, is well documented and explained in M. Taylor Fravel, "China's Strategy in the South China Sea", op. cit.

⁶⁵ Crisis Group interview, Beijing, September 2014.

⁶⁶ He also said, "we love peace, and insist on following the path of peaceful development, but we shall never give up our rightful rights and interest, not to mention sacrificing the national core interests". "Building China into a maritime power", china.org.cn, 30 August 2013.

⁶⁷ Crisis Group interview, Beijing, October 2014.

⁶⁸ Crisis Group interview, Chinese maritime policy official, Beijing, October 2014.

⁶⁹ Signifying its importance, the speech was addressed to the full Standing Committee of the Politburo, organs of the Central Committee, State Counsellors, the Central Leading Small Group responsible for foreign affairs, ambassadors of important countries, PLA leaders and executives of key state-owned enterprises. "Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries", foreign ministry press release, 25 October 2013.

⁷⁰ Crisis Group interviews, Tokyo, January 2014; Beijing, June, July 2014; Manila, Hanoi, September 2014;

⁷¹ Crisis Group interviews, Beijing, June, July, September, October 2014.

“The theme was good, but implementation turned out to be different”, a Chinese scholar remarked, citing as examples the November 2013 designation of the East China Sea Air Defence Identification Zone (ADIZ), which alarmed neighbours with unilaterally imposed rules on flights entering the area; the military going to the James Shoal – a submerged reef about 80km off Malaysia’s Borneo island – to declare sovereignty; the oil-rig deployment; and the building of artificial islands in the South China Sea.⁷² “It seems that there is now a bigger and bigger gap between our foreign policy principles and implementation. Our actions are not matching our macro-strategic goals”, he concluded.⁷³

Foreign-policy unpredictability could also reflect Xi’s personal style, said to be characterised by concentrating decision authority and prioritising expediency and confidentiality at the cost of assessing fallout carefully.⁷⁴ “The number one characteristic of Xi’s foreign policy is rapidity. He wants to go big and go fast”, said a Chinese analyst.⁷⁵ The designation of the East China Sea ADIZ and HYSY981 deployment exemplified this style.⁷⁶

The Central Leading Small Group on the Protection of Maritime Interests, created in 2012 and reportedly led, at least initially, directly by Xi, made the decision in the oil-rig case. The foreign ministry was said to be represented by the Department of Boundary and Ocean Affairs, whose “primary concern is sovereignty”, without Department of Asian Affairs input.⁷⁷ “There wasn’t enough risk assessment”, an analyst explained. “There wasn’t consultation with experts who understand Vietnam”.⁷⁸ Caught off-guard by the vehement response, Beijing scrambled for weeks to get the situation under control.⁷⁹

President Xi, Chinese analysts said, “is in general believed to want the country to be more proactive in asserting its maritime claims”.⁸⁰ In a system where bureaucrats and most analysts consider their job to be “guessing the will of the emperor” (揣测圣意) and tailor analysis and recommendations accordingly, such an interpretation, against a backdrop of rising popular nationalism, skews foreign policy toward the hard line.⁸¹ It carries less political risk to “go left than go right, with going left meaning being conservative and hardline”, said an analyst, echoing many sentiments.⁸² Potentially moderating agencies tend to self-censor. Chinese analysts say the foreign

⁷² For more on the ADIZ, see Crisis Group Report, *Old Scores and New Grudges*, op. cit., pp. 10-14. China considers the James Shoal its southernmost territory, though it is 1,800km from the mainland and is not entitled to be considered sovereign territory under UNCLOS as it is submerged. “Insight – China’s assertiveness hardens Malaysian stance in sea dispute”, Reuters, 26 February 2014.

⁷³ Crisis Group interview, Beijing, July 2014.

⁷⁴ Crisis Group interviews, Chinese analysts, Beijing diplomats, June, August, October 2014.

⁷⁵ Crisis Group interview, Beijing, June 2014.

⁷⁶ See on the ADIZ rollout Crisis Group Report, *Old Scores and New Grudges*, op. cit., pp. 10-14.

⁷⁷ Crisis Group interview, security agency-affiliated Chinese analyst, Beijing, October 2014.

⁷⁸ Crisis Group interview, Chinese maritime strategy analyst, Beijing, October 2014. Participants reportedly included the State Oceanic Administration and public security ministry, which jointly oversee the coast guard; the navy; China National Petroleum Corporation, owner of the oil block; China National Offshore Oil Corporation, owner of the rig; and the foreign ministry.

⁷⁹ Crisis Group interviews, Chinese analysts, officials, Beijing, July, September, October, 2014

⁸⁰ Crisis Group interviews, Beijing, June, September 2014.

⁸¹ Crisis Group interviews, Chinese officials, analysts, Beijing, March, October 2014. On nationalism, see Crisis Group Reports, *Stirring up the South China Sea (I)*, pp. 26-28; and *Dangerous Waters*, pp. 17-19, both op. cit.

⁸² Crisis Group interviews, Beijing, July, October 2014.

ministry often refrains from advising against assertive actions for fear of appearing weak and “to some extent has given up on its responsibility. Its rhetoric sometimes appears even more hardline than the PLA [People’s Liberation Army]”.⁸³

At implementation, “each agency uses the banner of [building China into a] maritime power to drive their institutional interests”.⁸⁴ Thus, Hainan, an island province, issued rules in November 2013 requiring foreign vessels fishing in waters it administers to get permits from the Chinese State Council.⁸⁵ The rules caused regional concern that Hainan would enforce such regulations across the South China Sea, all of whose islands and their surrounding waters it claims to administer.⁸⁶ Chinese analysts said the rules were made because the province “was too eager” to demonstrate its authority, though it does not have the capability to police such a vast area.⁸⁷ “They’d rather be criticised for lacking capability than lacking political will”.⁸⁸

E. *“We are Mainly Concerned about the U.S.”*

Another factor contributing to Beijing’s policy volatility relates to its narrow vision. “China typically sees South China Sea issues through the lens of a big-power chess game. We see everything through the lens of U.S.-China relations and don’t invest time and resources in understanding small countries”, said a security agency analyst.⁸⁹ South East Asian countries are considered “small and to have little influence” internationally; many thus believe “the stakes are relatively low” when forcefully asserting claims.⁹⁰ Events in recent years likely have reinforced that perception, as flare-ups have been challenging but not disruptive to Beijing’s diplomacy and resulted in the status quo moving in its favour. “We feel that we have the capability to dial up and down tensions with small countries and control and manage relations with them ... [but] we can’t control the U.S., so we are mostly concerned about the U.S.”⁹¹

The fixation on Washington means analysts within and without government must cater to leadership interest to receive funds, attention and credibility. An analyst at a Chinese security agency explained:

The leaders feel the U.S. is the only important factor ... so they want to know the U.S. role in every issue. Because of that, researchers write the U.S. role into every issue they study. That makes the leaders believe even more that the U.S. is behind everything, so a vicious cycle is created.⁹²

Among analysts outside the government, “those who study big-power relations who do not necessarily understand the South China Sea or South East Asian countries get attention” and are invited for consultation by decision-makers.⁹³ The result is a be-

⁸³ Crisis Group interviews, Beijing, July, October 2014.

⁸⁴ Crisis Group interview, Chinese analyst, Beijing, September 2014.

⁸⁵ “海南省实施《中华人民共和国渔业法》办法” [“Hainan’s rules for implementing the People’s Republic of China Fisheries Law”], Hainan People’s Congress press release, 29 November 2013.

⁸⁶ Website of the Hainan provincial government, www.hainan.gov.cn/code/V3/zjhn.php.

⁸⁷ Crisis Group interviews, Beijing, February, September 2014.

⁸⁸ Crisis Group interview, Chinese analyst, Beijing, October 2014.

⁸⁹ Crisis Group interview, Beijing, October 2014.

⁹⁰ Crisis Group interview, Chinese scholar, Beijing, July 2014.

⁹¹ Crisis Group interview, Chinese security agency analyst, Beijing, October 2014.

⁹² Crisis Group interview, Beijing, October 2014.

⁹³ Crisis Group interview, Chinese scholar, October 2014.

lief that Washington is the main culprit inflaming regional tensions, accompanied by “a decline in regional country studies”.⁹⁴

Such narratives have become a self-fulfilling prophecy. Regional countries unsettled by Chinese actions and unsure of its objectives increasingly turn to the U.S. for security assurance. Manila, more than twenty years after closing the military bases on its territory, upgraded its defence treaty with Washington in April 2014, agreeing to share three to five of its military installations.⁹⁵ “Even Vietnam has felt the breath of the dragon is too hot and went to Washington for help”.⁹⁶ The former foes signed a “Comprehensive Partnership” in July 2013. Washington pledged \$18 million – a moderate amount that is nonetheless symbolically important – to aid Vietnam’s civilian maritime agencies that December and in October 2014 partially lifted its ban on providing Hanoi lethal weapons. “We want the U.S. to be a policeman” in the region, said a Vietnamese analyst.⁹⁷

F. *One Belt, One Road*

The regional tilt toward the U.S. and Washington’s increasingly vocal criticism in the first half of 2014 contributed to Beijing’s recalibration of its regional policy, notably relations with ASEAN. Previously, it had feared that members would gang up against it in South China Sea-related negotiations and so tried to limit ASEAN’s role. But as some member states became increasingly concerned by what they considered attempts to exploit divisions within the organisation and about its ability to maintain cohesion, they intensified their courtship of Washington.⁹⁸

The perception of Washington’s looming shadow made China see utility in a more cooperative relationship with the regional body. “China could use ASEAN to rein in the Philippines and stall the influence of the U.S.”, a Chinese scholar said.⁹⁹ In October 2014, Vice Foreign Minister Fu Ying said, “one priority of China’s Asia policy going forward is to support and join in the framework of dialogue and cooperation initiated by ASEAN”. China prefers, she noted, “the ASEAN Way” to “bilateral military alliances led by the U.S.”.¹⁰⁰ The commitment to cooperate with ASEAN on the South China Sea and other issues has so far produced too little of substance to either reassure member states of Beijing’s sincerity or replenish their confidence in the organisation, but the regional body has an opportunity to further improve its standing with China as the Xi administration seeks buy-in to its long-term strategic goals.

A main pillar of Xi’s foreign policy design is the “One Belt, One Road” initiative, including the Silk Road Economic Belt and 21st-Century Maritime Silk Road, which envisions projecting China’s influence globally by financing and building infrastructure, enhancing trade and investment and deepening people and cultural exchanges. The “belt” stretches through Central Asia, Russia, and western Asia to reach Europe.

⁹⁴ Crisis Group interview, Chinese scholar, Beijing, September 2014.

⁹⁵ Philippines-U.S. agreement on “Enhanced Defense Cooperation”, 28 April 2014.

⁹⁶ Crisis Group interview, high-level Indonesian security advisor, Jakarta, December 2014.

⁹⁷ “Joint Statement by President Barack Obama ... and President Truong Tan Sang”, White House press release, 25 July 2013. “U.S.-Vietnam Comprehensive Partnership”, State Department press release, 16 December 2013. “U.S. Eases Embargo on Arms to Vietnam”, *The New York Times*, 2 October 2014. Crisis Group interview, Hanoi, September 2014.

⁹⁸ For more analysis of ASEAN’s role, see Section V.C below.

⁹⁹ Crisis Group interview, Beijing, October 2014.

¹⁰⁰ Fu Ying, “Answering Four Key Questions About China’s Rise”, Huffington Post, 17 October 2014.

The “road” also arrives in Europe, but via South China Sea and Indian Ocean nations.¹⁰¹ Xi described the latter in October 2013 in Jakarta as a path toward a “shared destiny” with ASEAN nations.¹⁰²

“One Belt, One Road” has become a top priority, but implementation could be jeopardised by flare-ups in the South China Sea. “If our relations with ASEAN countries are damaged, forget about the Maritime Silk Road”, a Chinese analyst said.¹⁰³ Some foreign policy thinkers thus have called for re-evaluating the need to assert maritime claims, so as to prioritise bigger strategic goals and narrow the gap between words and actions. “If China wants to have little brothers following it, its foreign policy needs to be consistent and predictable”, a Chinese analyst said.¹⁰⁴ That would be welcome in South East Asia, where maritime friction has badly dented confidence in Chinese diplomacy.

¹⁰¹ “一图看懂‘一带一路’框架思路” [“Understand Framework and Thinking of ‘One Belt, One Road’ in One Picture”], Xinhua, 29 March 2015.

¹⁰² “Xi in call for building of new ‘maritime silk road’”, *China Daily*, 4 October 2013.

¹⁰³ Crisis Group interview, Beijing, October 2014.

¹⁰⁴ Crisis Group interview, Beijing, August 2014.

III. Manila: “Arbitration Is Our Leverage”

When Benigno Aquino III became president in June 2010, there was mutual hope to prolong the “golden age” in bilateral ties that marked the tenure of his predecessor, Gloria Macapagal-Arroyo, who courted and received generous Chinese infrastructure loans.¹⁰⁵ To prepare an early Beijing visit, Aquino reportedly decided not to send a Philippine representative to the 2010 Nobel Peace Prize ceremony for Chinese dissident Liu Xiaobo and to deport fourteen Taiwanese suspected of international fraud to China, despite Taiwan’s protest.¹⁰⁶ “The intention of Aquino was to visit China in 2011 and to make 2012 and 2013 years of friendly exchanges”, a Philippine security analyst said.¹⁰⁷ Instead, relations rapidly worsened. Incidents of Chinese law-enforcement vessels confronting or clashing with Philippine ships led Aquino to declare “we must let the world know that we are ready to protect what is ours”.¹⁰⁸ A China-Vietnam-Philippine joint exploration – hailed by Beijing as a model of cooperation in the South China Sea – “should have never happened”, he said.¹⁰⁹

In Beijing, opinions of Aquino also began to sour. “When Aquino III became the president, we wanted to have good relations with him”, said a Chinese analyst, citing \$1.1 billion in development aid China gave the Philippines in 2010, 12 per cent of the overseas development funds Manila received.¹¹⁰ “But soon he was criticising China along with the U.S. We felt it was a big slap in our face”.¹¹¹ People in or close to the Aquino administration, however, said it was a sense of “being bullied” by China that drove Manila to “go all the way in with the U.S.”.¹¹² With the appointment of Albert del Rosario, raised in the U.S. and said to be “very pro-U.S.”, to lead the Department of Foreign Affairs (DFA), pro-Beijing voices influential in Arroyo’s time lost sway.¹¹³ “The DFA is a place where people follow orders and do not challenge the secretary”.¹¹⁴

¹⁰⁵ Aileen S.P. Baviera, “The Influence of Domestic Politics on Philippine Foreign Policy: The case of Philippines-China relations since 2004”, RSIS Working Paper, 5 June 2012.

¹⁰⁶ Crisis Group interviews, Philippine scholar, Manila, September 2014; ex-Aquino administration official, Beijing, December 2014. “MOFA protests over deportations”, *Taipei Times*, 3 February 2011.

¹⁰⁷ Crisis Group interview, Philippine security analyst, Manila, September 2014.

¹⁰⁸ Crisis Group Report, *Stirring up the South China Sea (I)*, op. cit., pp. 5-6.

¹⁰⁹ “PNoy: JMSU with China, Vietnam ‘shouldn’t have happened””, *ABS-CBN News*, 4 January 2011. Beijing and Manila agreed on joint exploration in 2004. Hanoi objected but later joined grudgingly. The project came under fierce attack in the Philippines and expired in August 2008. “Malacanang open to probes on Spratlys deal”, *ABS-CBN News*, 9 March 2008. “RP-China-Vietnam exploration deal on Spratlys lapses”, *Philippine Daily Inquirer*, 11 July 2008.

¹¹⁰ “ODA down in 2010”, *Inquirer Global Nation*, 17 February 2011.

¹¹¹ Crisis Group interview, Beijing, October 2014. At the July 2010 ASEAN regional forum, U.S. Secretary of State Hillary Clinton called freedom of navigation in the South China Sea a “national interest” and criticised “the use or threat of force by any claimant”. China accused the U.S. of playing up the issue and said her remarks “were in effect an attack on China”. Aquino supported Clinton’s comments on multiple occasions. Jay Solomon, “U.S. Takes On Maritime Spats”, *The Wall Street Journal*, 24 July 2010; “Foreign Minister Yang Jiechi Refutes Fallacies on the South China Sea Issue”, foreign ministry press release, 26 July 2010; “Speech of President Aquino at the Council on Foreign Relations, New York City”, *Philippine Official Gazette*, 23 September 2010; “Statement by President Benigno S. Aquino III at the 2nd ASEAN-US Leaders’ Meeting”, *Philippine Official Gazette*, 24 September 2010.

¹¹² Crisis Group interviews, Philippine scholar, Manila, September 2014; ex-Aquino administration official, Beijing, December 2014.

¹¹³ Crisis Group interviews, Philippine analysts, Manila, September 2014; ex-Aquino administration official, Beijing, November 2014.

¹¹⁴ Crisis Group interview, former high-level Philippine diplomat, Manila, September 2014.

In January 2012, Manila announced it was likely to grant the U.S. military greater access for re-supply, refuelling and repairs.¹¹⁵ Beijing was outraged:

Many felt we could not let the Philippines continue to benefit economically from China but lean toward the U.S. on security. Basically, the Philippines was branded America's running dog, and it was decided there's no point in trying to win it over, and we gave up on the Aquino administration.¹¹⁶

It was in an atmosphere of mounting mutual distrust and increasingly frosty diplomatic ties that the Scarborough Shoal standoff – a turning point in their relations according to both sides – took place.

A. *Scarborough Shoal Standoff*

The incident began on 10 April 2012, when sailors from a Philippine naval frigate – a decommissioned U.S. Coast Guard cutter – boarded several Chinese fishing vessels anchored in the lagoon at Scarborough Shoal to investigate possible illegal fishing. Two Chinese Marine Surveillance ships soon arrived after receiving distress signals from the fishermen. A standoff ensued that at its peak involved dozens of vessels.¹¹⁷ Diplomacy to untangle the confrontation descended into utter confusion.

Officially, both sides asserted sovereignty over the shoal and demanded the other withdraw. In Manila, the Chinese embassy and the DFA stopped communicating after 25 April. By then the Philippines had been without an ambassador to China for about a year. Vice Foreign Minister Fu Ying summoned the chargé d'affaires three times and said at the third meeting (9 May), "the Chinese side has made all preparations to respond to any escalation of the situation by the Philippine side".¹¹⁸

According to later information, Aquino authorised Senator Antonio Trillanes – said to have established contacts in an earlier visit – to hold back-channel talks with Chinese officials; his April to July mission reportedly was facilitated by a Filipino-Chinese business association.¹¹⁹ The foreign secretary was kept in the dark, resulting in Trillanes and Del Rosario trading charges in the media after the senator's role became public in September. Trillanes claimed credit for convincing Beijing to reduce ship numbers and said Del Rosario "nearly brought us to an armed conflict with a superpower neighbour". Del Rosario retorted that backchannel diplomacy was "doing more harm than good".¹²⁰ Said to be "eager to preserve a united cabinet", Aquino reportedly told the senator to "back off" when Del Rosario threatened to resign.¹²¹

¹¹⁵ "US military seeks more access in Philippines", Reuters, 9 February 2012.

¹¹⁶ Crisis Group interview, Chinese analyst, Beijing, October 2014.

¹¹⁷ "Scarborough shoal standoff: A timeline", *Philippine Daily Inquirer*, 9 May 2012.

¹¹⁸ "Philippines to 'secure sovereignty' if challenged by China", *Philippine Daily Inquirer*, 11 April 2012; "China prepared for escalation of maritime standoff", Agence France-Presse, 8 May 2012; "Text of Interview of Director-General of the MFA Department of Boundary and Ocean Affairs Deng Zhonghua by Phoenix Satellite TV", foreign ministry press release, 10 May 2012.

¹¹⁹ "Back channels of diplomacy: Trillanes, MVP, US talk to China for PHL", GMA News Online, 21 September 2012. Crisis Group interview, Philippine analyst, Manila, September 2014.

¹²⁰ "Aquino's back channel to China is Trillanes", *Philippine Daily Inquirer*, 19 September 2012; "Trillanes, From coup plotter to backdoor negotiator", Agence France-Presse, 19 September 2012; "Back channels of diplomacy", op. cit.

¹²¹ Crisis Group interview, Philippine analyst, Manila, September 2014; "President Aquino backs Trillanes story", *Philippine Daily Inquirer*, 22 September 2012.

In a separate track, senior U.S. and Chinese officials met in Virginia in June, after which the Philippine side said Washington relayed a message that China had agreed to withdraw vessels simultaneously.¹²² In mid-June, both withdrew on the pretext of an approaching typhoon, but Chinese ships soon returned and roped off the mouth of the lagoon. Manila accused China of bad faith. Beijing denied there was ever an agreement.¹²³

The outcome tipped debates in the Philippines. “With China’s actions, even moderates had very little to argue on”, a Philippine scholar on China studies said, adding, “the tone was changed from seeking solutions with China to seeking solutions against China”.¹²⁴ Consequently, “the DFA took the position that it’s no longer useful to talk with China”, and the option of seeking legal recourse against Beijing “surged to the front”.¹²⁵

B. *Arbitration*

The idea of “taking China to court” started to take hold in the Philippines in mid-2011, after Chinese law-enforcement vessels manoeuvred to expel a Philippine vessel conducting seismic studies at Reed Bank, which Manila considers part of its exclusive economic zone (EEZ).¹²⁶ The legal community had yet to agree on a basis to build the case, but debate raged between the “bilaterals”, who prioritised robust economic ties with Beijing and advocated negotiations, and the “multilaterals”, who argued “China was too strong for the Philippines to face alone and that we had no leverage in bilateral negotiations”. Aquino was said to have been “reluctant initially” to take the legal path “because it was not sure that the Philippines would win”.¹²⁷ The Scarborough Shoal standoff, invariably described as “the turning point” or “the last straw” by Philippine analysts, rallied the nation around the legal option.¹²⁸ “We don’t have much economic or military means to resist China, and legal means is our only recourse”, a former senior diplomat said.¹²⁹

Manila initiated arbitration proceedings against China at the International Tribunal for the Law of the Sea on 22 January 2013.¹³⁰ Apart from affirming its claims, it asked that China’s maritime claims based on the nine-dash line be declared “contrary to UNCLOS [the UN Convention of the Law of the Sea] and invalid”. It argued that China has illegally occupied eight land features in the South China Sea based on illegitimate claims and unlawfully claimed rights to and unlawfully exploited natural resources in other areas of the Philippines’ EEZ and/or continental shelf. It does not seek a ruling on sovereignty over the land features, which is outside the tribunal’s

¹²² Crisis Group interviews. Philippine officials, analysts, Manila, September 2014. Also see “US strategists face dilemma over Beijing claim in South China Sea”, *Financial Times*, 9 July 2014.

¹²³ “Back channels of diplomacy”, *op. cit.*

¹²⁴ Crisis Group interview, Manila, September 2014.

¹²⁵ Crisis Group interviews, *ibid* and Philippine international law expert, September 2014.

¹²⁶ “Philippines halts tests after China patrol challenge”, *BBC News*, 8 March 2011.

¹²⁷ Crisis Group interviews, former high-level diplomat, Philippine scholars and legal experts, Manila, September 2014.

¹²⁸ Crisis Group interviews, Philippine international law experts, scholars on Sino-Philippine relations, veteran journalists and retired diplomats, Manila, September 2014.

¹²⁹ Crisis Group interview, Manila, September 2014.

¹³⁰ “The Republic of the Philippines v. The People’s Republic of China”, Permanent Court of Arbitration.

jurisdiction.¹³¹ The Chinese foreign ministry on 19 February accused the Philippines of violating the consensus outlined in the 2002 Declaration on the Conduct of Parties (DOC) “to resolve disputes through negotiations between directly concerned sovereign states” and refused to participate in the arbitration.¹³²

Chinese analysts say Beijing was slow to respond initially because the foreign ministry had believed the Philippines was unlikely to follow through on its threats to take China to court. Beijing was caught unprepared and concluded that the decision was abetted by Washington.¹³³ In Chinese eyes, this was corroborated by the fact that the Philippines is represented by a Washington law firm, which in turn further cemented belief that there was no value in engaging Aquino.¹³⁴

Beijing remains publicly dismissive but is enraged at being “trapped in a dilemma by the Philippines”. Answering the arbitration was not an option, according to an international law scholar:

... because the People’s Republic of China has never accepted third-party solutions to sovereignty disputes ever since its establishment, and has insisted on bilateral negotiations. China is afraid that if it answers the Philippines’ arbitration case, it would set a precedent for other countries, such as Vietnam, Indonesia and Malaysia, to follow the Philippines’s example.¹³⁵

Chinese international law experts admit that it is difficult to defend the nine-dash line; so “if the outcome is adverse to China, it’s better to ignore it”.¹³⁶

Beijing, however, is keenly aware of the reputational cost of non-participation, “which created the impression China does not accept the regulations of the international law”, said a Chinese legal expert.¹³⁷ To justify its position and pre-empt a ruling challenging the nine-dash line’s legality, it issued a position paper in December 2014 that argues the tribunal lacks jurisdiction to decide a case that inevitably concerns territorial sovereignty. It pointed out that its 2006 declaration rejected UNCLOS compulsory settlement procedures on maritime delimitation, including arbitration; and it again accused the Philippines of breaching the DOC.¹³⁸

¹³¹ “Notification and Statement of Claim”, op. cit.

¹³² “Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on February 19, 2013”, foreign ministry press release, 19 February 2013.

¹³³ Crisis Group interviews, Beijing, September, October 2014.

¹³⁴ Lead counsels are Paul S. Reichler and Lawrence H. Martin of Foley Hoag LLP. Crisis Group interviews, Chinese analysts, international law experts, Beijing, September, October 2014.

¹³⁵ Crisis Group interview, Beijing, September 2014.

¹³⁶ Crisis Group interviews, Chinese analysts, international law experts, Beijing, September, October 2014.

¹³⁷ Crisis Group interview, Beijing, October 2014.

¹³⁸ “The Government of ... China does not accept any of the procedures provided for in Section 2 of Part XV of the Convention with respect to all the categories of disputes referred to in paragraph 1 (a) (b) and (c) of Article 298 of the Convention”. Declaration of States Parties Relating to Settlement of Disputes in Accordance with Article 298 (Optional Exceptions to the Applicability of Part XV, Section 2, of the Convention), China. Section 2 refers to UNCLOS provisions stating that disputes will be solved in the International Tribunal of the Law of the Sea, the International Court of Justice, ad hoc arbitration or a “special arbitral tribunal”. Article 287. “Position Paper of ... China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines”, Chinese foreign ministry, 7 December 2014.

Bilateral relations have been marooned in “a catch-22 situation”.¹³⁹ Since Manila requested arbitration, China has kept contact working level at foreign ministries and pro forma multilaterally, implicitly making withdrawal of the case a prerequisite for resuming high-level diplomacy.¹⁴⁰ The Aquino administration has invested so much political capital that it cannot withdraw the case, unless, perhaps, something concrete like a Code of Conduct can be reached; the arbitration decision was supported by the Senate and House of Representatives, giving it national consensus status.¹⁴¹ “China uses opening up high-level communications as leverage for the Philippines to withdraw arbitration. But arbitration is our leverage”, Philippine analysts say.¹⁴²

C. “Meet Us Half Way”

A ruling is expected in late 2015 or early 2016. How both sides handle the outcome, should it be adverse to China, will present another significant challenge to relations. “China”, an analyst at a Chinese security agency said, “is concerned what the Philippines will do with the outcome. Will it use it to go around and accuse China of not respecting ... international law?”¹⁴³

Manila has launched a public-relations campaign. “China can ignore the arbitration case, but it can’t position itself as a modern country if it ignores [the] rule of law”, said a former national security adviser.¹⁴⁴ In a February 2014 interview, Aquino called for the international community to do more to support the Philippines in resisting Chinese assertiveness or face consequences similar to those from appeasement of Hitler before the Second World War.¹⁴⁵

Some foreign policy analysts, however, have advised the administration to soften public criticism of China to preserve room for diplomacy. Though the overall approach of seeking arbitration, pursuing the Code of Conduct via ASEAN and tightening the alliance with the U.S. is sound, a leading China watcher said, “our diplomacy is still

¹³⁹ Crisis Group interviews, Chinese analysts, Beijing, August 2014; Philippine scholars, Manila, September 2014.

¹⁴⁰ Crisis Group interviews, Chinese analysts, Beijing, August, October 2014. When Aquino announced he would lead the Philippine delegation to the China-ASEAN Expo in Nanning, August 2013, Beijing asked him to postpone to “a more conducive time”; the foreign ministry said it never invited him. “Manila says China withdraws invitation for Aquino”, Associated Press, 29 August 2013.

¹⁴¹ “Resolution Supporting the Move of ... President ... Aquino III, to File an Arbitration Case against China”, Senate Res. no. 931, 23 January 2013; “Resolution Strongly Supporting the Filing of an Arbitration Case against China”, House of Representatives Res. no. 3004, 23 January 2013. “Philippine President Aquino favours code of conduct in South China Sea row with China”, *Straits Times*, 19 November 2014.

¹⁴² Crisis Group interviews, Manila, September 2014.

¹⁴³ Crisis Group interview, Beijing, October 2014.

¹⁴⁴ Crisis Group interview, Philippine ex-Congress member and national security adviser, Manila, September 2014.

¹⁴⁵ “Philippine Leader Sounds Alarm on China”, *The New York Times*, 4 February 2014. His administration said he was not “directly comparing China to Hitler”, but not before Beijing had responded with fury. “China slams Philippine leader for Hitler comparison”, BBC News, 5 February 2014; “Philippine president compares China’s expansion to Nazi Germany”, *The Telegraph*, 5 February 2014. While touring Europe that September, Aquino continued to denounce “aggressive Chinese behaviour”. “Spain to support PH in sea row”, *Philippine Daily Inquirer*, 16 September 2014; “Aquino asks Europe for support in South China Sea dispute with Beijing”, *Philippine Daily Inquirer*, 17 September 2014; “German Chancellor Merkel backs PH stance on China row”, *Philippine Daily Inquirer*, 19 September 2014.

rough on the edge. The missing link is continuing conversations with China”. A recently retired senior diplomat was blunter: “I don’t like the extreme audacity ... in dealing with China. I’m not saying that we should be cowed by China, but we should have an Asian approach. An Asian approach should not make people lose face”.¹⁴⁶ However, for Manila to moderate its tone, “China needs to meet us half way”, by lifting blockade of the Second Thomas Shoal, for example, and slowing island reclamation, “which is a very visual reminder to the Philippines and the region of China’s aggressiveness”, an analyst said.¹⁴⁷

¹⁴⁶ Crisis Group interviews, Manila, September 2014.

¹⁴⁷ Crisis Group interview, Manila, September 2014.

IV. Hanoi: “Wait and See”

Though Vietnam has inched closer to Washington, it is not a treaty ally and shares communist kinship and a 1,300-km land border with Beijing. After relations with Manila started to sour in 2011, China formulated a policy of “beat up on one and win over one”, meaning to turn up pressure on the Philippines and court Vietnam.¹⁴⁸ Hanoi thus was a main recipient of the charm offensive Beijing launched in the latter half of 2013.

As noted above, Beijing and Hanoi exchanged top-level visits, leading to agreements on hotlines and expansion of the area of joint oil exploration in the Gulf of Tonkin, as well as a joint statement promising “to exercise tight control of maritime disputes and not to make any move that can further complicate or expand disputes”.¹⁴⁹ Vietnam took the diplomatic flurries as signs that “there would be positive changes in China-South East Asia relations”, and bilateral relations were on the upswing.¹⁵⁰ But “all of a sudden came the oil rig. It was a very unfriendly act, a very clear sign of intimidation, and opposite to the leaders’ talks about friendliness to neighbours”.¹⁵¹

A. “Wake-up Call”

The HYSY981 incident raised many unsettling questions in Hanoi.¹⁵² A veteran Vietnamese diplomat, who has participated in dispute management with China since the early 1990s, remarked that Beijing’s actions broke all established patterns. “China didn’t have a pretext. There was no signalling. Vietnam is now unable to predict China’s behaviour. We are wondering why China acted this way when bilateral relations were good. What’s China’s intention in disputes with Vietnam?”¹⁵³

Hanoi was also stung by what it perceived as Beijing’s stonewalling during the crisis. The sides communicated more than 30 times, mainly at foreign ministry working level, “but they were not people who could make decisions. The hotlines were not used”.¹⁵⁴ The talks were “only to state each other’s official stances”, according to a Vietnamese diplomat.¹⁵⁵ Chinese State Councillor Yang Jiechi visited Hanoi in June 2014 but reportedly “achieved nothing”.¹⁵⁶ Vietnam’s request to send a special envoy to Beijing, utilising the party-to-party channel, was turned down.¹⁵⁷

Vietnamese diplomats also noted that unusually the highest-level Chinese official who publicly commented was only a deputy-director general of the foreign ministry’s

¹⁴⁸ Crisis Group interview, Chinese analyst, Beijing, October 2014.

¹⁴⁹ “VN, China issue joint statement”, foreign ministry press release, 15 October 2013.

¹⁵⁰ Crisis Group interviews, Vietnamese officials, analysts, Hanoi, September 2014.

¹⁵¹ Crisis Group interview, Vietnamese scholar, Hanoi, 8 September 2014.

¹⁵² Crisis Group interview, Vietnamese analyst, Hanoi, September 2014.

¹⁵³ Crisis Group interview, Hanoi, September 2014.

¹⁵⁴ Crisis Group interview, diplomat, Beijing, September 2014.

¹⁵⁵ Crisis Group interview, Vietnamese diplomat, Hanoi, September 2014. The Chinese foreign ministry said it requested “the Vietnamese side to stop its illegal disruption” during the talks. “The Operation of the HYSY 981 Drilling Rig: Vietnam’s Provocation and China’s Position”, foreign ministry press release, 8 June 2014.

¹⁵⁶ Crisis Group interview, Vietnamese official, Hanoi, September 2014. “China scolds Vietnam for ‘hyping’ South China Sea oil rig row”, Reuters, 18 June 2014.

¹⁵⁷ Crisis Group interviews, Vietnamese diplomats, analysts, Beijing, Hanoi, September 2014.

Department of Boundary and Ocean Affairs.¹⁵⁸ The thinness of communications likely reflected Beijing's unpreparedness for the ferocity of backlash from Vietnam.¹⁵⁹

As tensions surged and diplomacy stalled, public rage in Vietnam boiled over in mid-May in widespread and deadly anti-China riots.¹⁶⁰ Beijing evacuated more than 3,000 nationals, as mobs targeted Chinese businesses and investments.¹⁶¹ The nationalism "was comparable to 1979", the year of the Sino-Vietnamese War, said an analyst in Hanoi. "The leadership was caught between fires. People who supported good relations with China could not justify their policy".¹⁶² Hanoi began to consider legal action against China and sent lawyers to the Philippines to consult with their counterparts.¹⁶³

China withdrew the rig in mid-July, a month ahead of schedule, and returned to diplomacy.¹⁶⁴ Hanoi saw Beijing's reception of a Vietnamese special envoy as a signal Beijing still valued bilateral ties and wanted reconciliation, so concluded "it would be unwise politically to take it to court and not helpful to overall relations".¹⁶⁵ Uncertainty, however, lingers. Hanoi sought specific assurance that Beijing would not take another action similar to the oil-rig deployment but got only the vague promise that "both sides agreed to let existing mechanisms play better roles".¹⁶⁶ Analysts in Vietnam expressed concern that China would return the oil rig to disputed waters when the weather was conducive. "We have to be alert and have to look where else China is likely to send an oil rig".¹⁶⁷

Mistrust of China's intentions has deepened. The incident was seen as a "wake-up call", creating a perception that "no matter how hard we try to maintain good relations, China will try to monopolise the South China Sea", said a foreign ministry-affiliated analyst.¹⁶⁸ Advocates for engagement were arguing China is "a bulwark against Western attempts for peaceful evolution" of Vietnam's communist regime, and the party can learn from its development model. "With the rig, that view was on the losing side. The incident also convinced Vietnam to be mindful of economic relations with China. ... Public opinion is pushing the government to be more self-reliant".¹⁶⁹ Ideological ties, Vietnamese analysts believe, are no longer enough to overcome differences. "More and more people believe China is not the same. China doesn't care about ideology any more. Vietnam has to adapt".¹⁷⁰

¹⁵⁸ Crisis Group interview, Vietnamese official, Hanoi, September 2014.

¹⁵⁹ Crisis Group interview, Vietnamese analyst, Hanoi, September 2014.

¹⁶⁰ "Vietnam tries to stop China oil rig deployment", Associated Press, 7 May 2014. "Hot oil on troubled waters", *The Economist*, 17 May 2014.

¹⁶¹ "Over 3,000 Chinese nationals evacuated from Vietnam after deadly violence", Xinhua 18 May 2014.

¹⁶² Crisis Group interview, Hanoi, September 2014.

¹⁶³ "Vietnam PM says considering legal action against China over disputed waters", Reuters, 22 May 2014. Crisis Group interview, lawyers, Manila, September 2014.

¹⁶⁴ "Viet Nam, China agree to restore, develop ties", Vietnamese foreign ministry press release, 27 August 2014. Crisis Group interviews, Beijing, September, October 2014.

¹⁶⁵ Crisis Group interview, Vietnamese scholar, Hanoi, September 2014.

¹⁶⁶ Crisis Group interview, diplomats, Beijing, August 2014; Hanoi, September 2014.

¹⁶⁷ Crisis Group interviews, Vietnamese analysts, Hanoi, September 2014.

¹⁶⁸ Crisis Group interviews, Vietnamese official and analysts, Hanoi, September 2014.

¹⁶⁹ Crisis Group interview, Vietnamese scholar, Hanoi, September 2014.

¹⁷⁰ Crisis Group interviews, Hanoi, September 2014.

B. *Flawed Options*

In the aftermath of the incident, Hanoi was said to be in a “wait and see” mode, struggling to decipher Beijing’s intentions and grappling with flawed policy choices.¹⁷¹ While resumption of high-level exchanges showed “diplomacy still works to some extent between China and Vietnam”, Hanoi saw its limits. “Before the incident there had been hope we could manage disputes and make skilful moves to meet mid-way”, an analyst said. “The rig disappointed Vietnam”.¹⁷² Strategists hope the U.S. will balance China to an extent but are wary lest too cosy a relationship turn China hostile, and some communists fear Washington could foster subversive influences and strengthen opposition.¹⁷³

Some strategists press “to go further with the legal approach and definitively solve the issue”.¹⁷⁴ 61 prominent party members, including retired generals and an ex-ambassador to China, asked the leadership in a July 2014 open letter to “get out of China’s orbit” and take legal action. Others argue a legal approach “can’t solve the sovereignty dispute without China’s consent” and would invite retaliation, a view said to reflect the party mainstream’s.¹⁷⁵

Hanoi has continued with technical preparations for a case against China but regards the option as a last resort and uses its prospect for diplomatic leverage. “We repeatedly told China that if there’s no result via bilateral negotiations, we will resort to third-party means”. In response, Beijing warns that legal action would cross a red line and rupture bilateral ties.¹⁷⁶ Hanoi sees benefits from the Philippine case, as the outcome could discredit the nine-dash line, but is reluctant to formally join Manila for fear of being shunned by Beijing or being seen as endorsing the Philippine claims, which overlap Vietnam’s.¹⁷⁷ Instead, it gave Manila implicit support by asking the tribunal in December to pay “due regard” to Vietnam’s rights and interests in the Spratlys and Paracels and stating it “fully rejects” China’s “dotted line”.¹⁷⁸

Hanoi is pushing to give the South China Sea more prominence on ASEAN’s agenda but is keenly aware of the organisation’s constraints. A loose collection of nations with diverse political systems, including several highly dependent on China economically, its relevance in ensuring maritime stability, said Vietnamese analysts, depends on Beijing.¹⁷⁹ Faith in an early conclusion of the Code of Conduct negotiations has been waning, as suspicion about China grows. “If it takes ten years to come up with a COC, it will be irrelevant”, an official said.¹⁸⁰ But Hanoi was encouraged when ASEAN

¹⁷¹ Crisis Group interviews, Vietnamese officials, foreign policy official, Hanoi, September 2014.

¹⁷² Crisis Group interview, Vietnamese analyst, Hanoi, September 2014.

¹⁷³ Crisis Group interviews, Hanoi, September 2014, and Crisis Group Report, *Stirring up the South China Sea (II)*, op. cit., pp. 23-25.

¹⁷⁴ Crisis Group interviews, Vietnamese analysts, Hanoi, September 2014.

¹⁷⁵ Gary Sands, “Is Vietnam Spinning Out of China’s Orbit”, *Foreign Policy* (Blogs), 14 August 2014.

Crisis Group interviews, Vietnamese analysts, Hanoi, September 2014.

¹⁷⁶ Crisis Group interviews, Vietnamese official, Hanoi, September 2014; Chinese analysts, Beijing, September, October 2014.

¹⁷⁷ Crisis Group interview, diplomat, Beijing, April 2015.

¹⁷⁸ “Remarks by MOFA Spokesperson Le Hai Binh on the South China Sea Arbitration case”, Vietnam foreign ministry, 12 December 2014.

¹⁷⁹ Crisis Group interviews, Hanoi, September 2014.

¹⁸⁰ Crisis Group interview, Vietnamese official, Hanoi, September 2014.

twice expressed “serious concerns” during the oil-rig crisis and became more hopeful that the organisation can be more active in talks with China on the Code.¹⁸¹

¹⁸¹ Crisis Group interviews, Vietnamese officials, analysts, Beijing, August 2014; Hanoi, September 2014.

V. Jakarta: “The Uneasy Broker”

A. Natuna Islands

Maintaining it is not a South China Sea claimant, Indonesia seeks “moral high ground to be an honest broker”.¹⁸² Officials acknowledge “nuances” in its position, however. According to Jakarta, the foreign ministers have verbally confirmed multiple times that there are not overlapping claims, despite China’s nine-dash line.¹⁸³ Beijing, however, stated in 1995 that while it does not challenge Indonesian sovereignty over the Natuna Islands, the sides should discuss delimitation of the “common sea border”. Jakarta refused, saying, “Indonesia does not see it has a sea border problem with China”.¹⁸⁴

The nine-dash line thus has been an irritant in relations. It “has no coordinates. It’s very elastic. It’s destabilising because it’s uncertain. It’s also not clear what waters China is claiming, territorial waters, contiguous zone, or EEZ”, a former foreign minister said.¹⁸⁵ Also of concern to an archipelagic state for which international maritime law is critically important is the challenge nine-dash line poses to UNCLOS. A year after China sent a Note Verbale to the UN Secretary-General in 2009, including a map with the nine-dash line, Indonesia answered that the line “clearly lacks international legal basis”. If Indonesia stays silent on this point, that means we accept this position”.¹⁸⁶

A pivotal event took place in June 2009, when Indonesia detained eight fishing boats and 75 fishermen allegedly fishing illegally around the Natunas in what Jakarta considers its EEZ. China expressed “strong dissatisfaction” and demanded “immediate release”, which Jakarta heard as “an unusually harsh protest and ... an ultimatum”.¹⁸⁷ The incident coincided with other examples of Chinese assertiveness in the South China Sea and marked “the beginning of Indonesia’s doubt on China’s peaceful intention”.¹⁸⁸ Chinese law-enforcement vessels reportedly compelled Indonesian patrol vessels to free Chinese fishing boats seized in Natuna waters in 2010 and 2013.¹⁸⁹

The pressure brought Indonesia’s internal divisions to the surface. “The foreign ministry tries to downplay maritime tensions with China, and the military tries to play it up”. The navy, said to be partially driven by a desire to “gain a bigger budget” but also anxious about a threat, publicly denounced China’s claims.¹⁹⁰ After a senior defence official told reporters “China has claimed Natuna waters as their territorial

¹⁸² Crisis Group interviews, Indonesian officials, Jakarta, December 2014. Aaron Connelly, “Indonesian foreign policy under President Jokowi”, Lowy Institute for International Policy, October 2014.

¹⁸³ Crisis Group interview, former Indonesian foreign minister, Jakarta, December 2014.

¹⁸⁴ Douglas Johnson, “Drawn into the Fray: Indonesia’s Natuna Islands Meet China’s Long Gaze South”, *Asian Affairs: An American Review*, vol. 24, issue 4, 1997, pp. 153-161.

¹⁸⁵ Crisis Group interview, Jakarta, December 2014. For more analysis on the ambiguity of the nine-dash line, see Crisis Group Report, *Stirring up the South China Sea (I)*, op. cit., pp. 3-4.

¹⁸⁶ “Note Verbale”, no. 480/POL-703/VII/10, 8 July 2010. Crisis Group interview, high-level Indonesian officials, Jakarta, December 2014.

¹⁸⁷ Crisis Group interview, former Indonesia foreign minister, Jakarta, December 2014. “China ‘dissatisfied’ with Indonesia over detention of fishermen”, Xinhua, 25 June 2009. I Made Andi Arsana, Clive Schofield, “Indonesia’s ‘Invisible’ Border with China”, in Bruce Elleman, et al. (eds.), *Beijing’s Power and China’s Rise: Twenty Neighbors in Asia* (London and New York, 2013) pp. 68-69.

¹⁸⁸ Crisis Group interview, former Indonesia foreign minister, Jakarta, December 2014.

¹⁸⁹ “Indonesia’s ‘Invisible’ Border with China”, op. cit., pp. 68-70.

¹⁹⁰ Crisis Group interviews, Indonesia official, analysts, Jakarta, December 2014.

waters”, the foreign minister reiterated that “there is no territorial dispute”.¹⁹¹ Armed forces chief Moeldoko has vowed to send more troops to Natuna “to anticipate any instability in the South China Sea and serve as an early warning system”, and the air force plans to upgrade the airbase at Ranai, the largest town in the Natuna archipelago, to accommodate fighter jets and attack helicopters.¹⁹²

B. *Balancing between Beijing and Washington*

Jakarta views Beijing’s strategic intentions with quiet wariness. Officials publicly express support for “China’s desire to play a leadership role in the region” but privately ask “how long China will remain peaceful”.¹⁹³ A senior official as well as analysts say oscillation between charm and assertiveness has created the impression Beijing turns charm “on and off” to suit the day’s agenda. “There has been strong linkage between China sending positive signals on the one hand and provocation on the other. ... We are confused. Although we hear from China about peaceful development and that it does not want to be a hegemon, its actions are different”.¹⁹⁴

Indonesia thus wants Washington to follow through on its pivot toward Asia and invest more political, economic and security resources there. It is concerned about what it considers a U.S. isolationist tendency in the aftermath of wars in Iraq and Afghanistan. It is careful, however, not to be seen as actively courting the U.S. lest it compromise its non-alignment credentials and damage its relationship with China. It also worries that ASEAN would lose relevance if caught between China and the U.S. “If China pushes too hard and makes regional countries feel threatened, they will feel ASEAN not sufficient and will resort to old-fashioned bandwagoning”, turning South East Asia into “a theatre of big power competition”.¹⁹⁵ It hopes the U.S. would “let ASEAN do its work”, using influence to strengthen the regional body and its unity.¹⁹⁶

C. *De Facto Leader of ASEAN*

As ASEAN’s largest member and de facto leader, Indonesia has tried to shape its consensus, with mixed results. Since the 1990s, it has hosted the track-two “Workshop on Managing Potential Conflicts in the South China Sea”, which contributed to the signing of the DOC in 2002.¹⁹⁷ No more progress was made, however, until 2011, when ASEAN and China agreed to a set of “guidelines of implementation” for the DOC. As that year’s chair, Indonesia reportedly was “instrumental in bringing China back to the multilateral table”.¹⁹⁸

¹⁹¹ Evan Laksama, “Why there is no ‘new maritime dispute’ between Indonesia and China”, *The Strategist*, 4 April 2014. Martin Sieff, “Indonesia toughens its stance over South China Sea”, *Asia Pacific Defense Forum*, 7 May 2014.

¹⁹² “Remote, gas-rich islands on Indonesia’s South China Sea frontline”, Reuters, 25 August 2014.

¹⁹³ Crisis Group interview, former senior Indonesian official, Jakarta, December 2014.

¹⁹⁴ Crisis Group interviews, Indonesian high-level official and analysts, Jakarta, December 2014.

¹⁹⁵ Ibid.

¹⁹⁶ Crisis Group interviews, Indonesian analysts, Jakarta, December 2014.

¹⁹⁷ Ralf Emmers, *Resource Management and Contested Territories in East Asia* (New York, 2013), p. 61. Christopher Chung, “Southeast Asia and the South China Sea dispute”, in Sam Bateman and Ralf Emmers (eds.), *Security and International Politics in the South China Sea* (Oxon & New York, 2009), pp. 103-104.

¹⁹⁸ “China, ASEAN nations agree on guidelines for implementation of DOC in South China Sea”, Chinese foreign ministry press release, 20 July 2011. To secure China’s consent, Jakarta accommo-

A stunning setback soon followed. At the annual foreign ministers meeting, in Phnom Penh in July 2012, the Philippines and Vietnam insisted that the joint statement reflect discussions concerning several incidents caused by China in the South China Sea earlier in the year. Cambodia, the chair, refused, and despite numerous attempts at compromise on the wording, ASEAN for the first time since its establishment in 1967 did not issue a final communiqué. China also reneged on an agreement to begin negotiating the Code of Conduct that September.¹⁹⁹

Said to be “always concerned about ASEAN unity, regional autonomy and regional ability to manage regional security” and the one “most bothered by the weakening of ASEAN”, Indonesia stepped in.²⁰⁰ After two days of shuttling between five capitals, Foreign Minister Marty Natalegawa united ASEAN behind a 20 July statement reaffirming commitment to the DOC, early conclusion of a Code of Conduct, and respect for UNCLOS. Jakarta also proposed a draft in September to serve as the basis for ASEAN’s negotiations with China on a Code of Conduct.²⁰¹ Seeing this as “ASEAN ganging up on China” and insisting negotiations had to start with a blank sheet, Beijing turned it down, thus dealing ASEAN another blow.²⁰²

The experience was “a wake-up call to ASEAN”, which had sought to preserve South East Asia’s autonomy from interference by outside powers, a senior Indonesian official said, and “triggered soul-searching in the organisation”.²⁰³ It also prompted Jakarta to re-evaluate Beijing’s intentions, analysts noted: “We had always assumed that ASEAN served the interest of major powers in their relations with regional countries. 2012 for the first time made people think that maybe China wanted ASEAN to disband”.²⁰⁴

In the aftermath, ASEAN “managed to circle the wagons” and restore the appearance of unity. The following year, Brunei assumed the chair, and Thailand was country coordinator for ASEAN-China relations. Both raised the South China Sea with Beijing. Indonesia continued to assist at the request of Secretary General Le Luong Minh, a Vietnamese diplomat.²⁰⁵ Faced with “a more unified and determined ASEAN”, China appeared to recalibrate its approach and agreed in April to begin talks on the Code of Conduct later in the year, though Foreign Minister Wang Yi cautioned against a “quick fix”.²⁰⁶

No discernible progress was made on the Code until November 2014, when the seventeenth ASEAN-China Summit endorsed “the implementation of early harvest

dated its insistence that the disputes must be solved bilaterally and removed a prescription for inner-ASEAN consultation prior to ASEAN-China negotiations from the draft. Carlyle A. Thayer, “ASEAN, China and the Code of Conduct in the South China Sea”, *SAIS Review of International Affairs*, vol. 33, no. 2, p. 77. Crisis Group interview, high-level Indonesian official, Jakarta, December 2014.

¹⁹⁹ Carlyle A. Thayer, “ASEAN, China and the Code of Conduct”, *op. cit.*, p. 78.

²⁰⁰ Crisis Group interviews, Indonesian analysts, Jakarta, December 2014.

²⁰¹ Carlyle A. Thayer, “South China Sea in Regional Politics: Indonesia’s Efforts to Forge ASEAN Unity on a Code of Conduct”, presentation to 3rd Annual Center for Strategic and International Studies Conference on “Managing Tensions in the South China Sea”, Washington, 5-6 June 2013.

²⁰² Crisis Group interviews, Indonesian analysts, Jakarta, December 2014; Ian Storey, senior fellow, Institute of Southeast Asian Studies, Singapore, December 2014.

²⁰³ Crisis Group interview, Jakarta, December 2014.

²⁰⁴ Crisis Group interviews, Indonesian analysts, Jakarta, December 2014.

²⁰⁵ Crisis Group interview, senior Indonesian official, Jakarta, December 2014. Carlyle A. Thayer, “ASEAN, China and the Code of Conduct”, *op. cit.*, p. 80.

²⁰⁶ Carlyle A. Thayer, “ASEAN, China and the Code of Conduct”, *op. cit.*, pp. 75-84. “Foreign Minister Wang Yi on Process of ‘Code of Conduct’”, foreign ministry press release, 8 August 2013.

measures”, the Jakarta-initiated concept that includes “the establishment of a hot-line platform among search and rescue agencies, a hotline among foreign ministries on maritime emergencies, and a table-top exercise on search and rescue to promote and enhance trust and confidence in the region”.²⁰⁷ So far, however, there has been agreement only on formalities. In the ASEAN manner, the 2014 summit “recognised that the process of consultation between ASEAN and China [has] been as important as the substance of the [Code] itself”.²⁰⁸ Though Beijing has committed to “early conclusion” of the Code of Conduct, it has not agreed to a timeline, sowing suspicion that it wants to extend the process but not be bound by a formal code.²⁰⁹

Indonesia’s leadership and coordinating role are challenged from within ASEAN, where concerns about South China Sea stability are not equally shared. “There is the group of four versus the group of six”, said South East Asia scholar Ian Storey. The former includes non-claimants Thailand, Myanmar, Laos, and Cambodia, the latter two being economically highly dependent on China. The group of six includes claimants and stakeholders. Among them, Vietnam and the Philippines see China as a threat to national security; Malaysia and Brunei downplay disputes with China; non-claimants Singapore and Indonesia are concerned about the nine-dash line and see maritime stability as a vital national interest. “With such diverse interests and opinions, moving beyond an agreement on a basic stance is difficult”.²¹⁰

When the Philippines initiated arbitration against China without consulting ASEAN, Jakarta considered it harmful to the body’s standing as “the primary driving force in its relations and cooperation with its external partners”.²¹¹ Manila’s action also raised concern for the consultations with China on the Code of Conduct. “ASEAN definitely does not support the Philippine’s strategy but cannot condemn it either”, Indonesian analysts said.²¹² Most members except Vietnam remained mute on the issue.

Jakarta’s own commitment to ASEAN has seemed to flag at times. “2012’s failure raised the question if ASEAN was adequate”, said an Indonesian scholar, adding that some in the foreign policy elite urge “Indonesia to move beyond ASEAN” and seek influence on bigger platforms, like the Group of Twenty, the world’s major economies.²¹³ President Joko Widodo made statements suggesting he may be less willing to cede national interests to advance ASEAN.²¹⁴ His policies, such as the new “global maritime fulcrum” doctrine, appear to prioritise deepening bilateral ties with Pacific and Indian Ocean powers, raising concerns he might rely less on ASEAN multilateralism.²¹⁵

²⁰⁷ “Chairman’s Statement of the 17th ASEAN-China Summit”, Nay Pyi Taw, 13 November 2014. Indonesia proposed “early harvest” in September 2013 at the first round of China-ASEAN COC consultations. “The First Senior Officials’ Meeting between ASEAN and ... China Discusses COC and Indonesian Formula 3 in 1”, foreign ministry press release, 18 September 2013.

²⁰⁸ “ASEAN-China cooperation moves forward at the 8th ASEAN-China SOM”, Thailand foreign ministry press release, 29 October 2014.

²⁰⁹ Crisis Group interviews, Vietnamese official, Hanoi, September 2014; Philippine analysts, Manila, September 2014; Indonesian analysts, Jakarta, December 2014.

²¹⁰ Crisis Group interview, Ian Storey, senior fellow, Institute of Southeast Asian Studies, Singapore, December 2014.

²¹¹ “Charter of the Association of Southeast Asian Nations”, Chapter I, Article 1, 15.

²¹² Crisis Group interviews, Jakarta, December 2014.

²¹³ Crisis Group interview, Jakarta, December 2014.

²¹⁴ “Joko Widodo delivers a blunt message to ASEAN”, *The Jakarta Post*, 14 November 2014.

²¹⁵ Prashanth Parameswaran, “Is Indonesia Turning Away From ASEAN Under Jokowi?” *The Diplomat*, 18 December 2014.

Yet despite ASEAN's uneven record, external challenges and internal divisions, it would be a mistake for Jakarta to turn away from its leadership role. It enjoys elevated regional and world stature – and likely more bilateral leverage – because of its activism to shape ASEAN norms and identity.²¹⁶ Widodo has reiterated Jakarta's desire to accelerate work on the Code of Conduct and “become a good mediator”.²¹⁷ ASEAN has also shown signs of greater cohesiveness, as members appear to have learned from 2012. Subsequent chairs Brunei and Myanmar asked Jakarta's help to forge consensus. Myanmar, chairing in 2014 for the first time since it joined in 1997, exceeded expectations. That it united ASEAN behind consecutive statements on the South China Sea boosted confidence in the body's capability.

²¹⁶ Emirza Adi Syailendra, “Consensual Leadership in Asean: Will it Endure Under Jokowi”, S. Rajaratnam School of International Studies, 2 February 2015.

²¹⁷ Ibid; “Xi Jinping hosts Jokowi in Beijing”, *Jakarta Post*, 27 March 2015.

VI. Conclusion: An ASEAN Way Forward

Risks remain in the South China Sea and will heighten as the weather improves. The region lacks mechanisms to prevent clashes at sea or an incident escalating. China's intensified island reclamation activity and Manila's arbitration case continue to provide fodder for spats. But a rare window of opportunity has opened for progress on dispute management. Beijing's tactical adjustment, though limited and potentially transitory, offers a much-needed respite from years of tension. As regional cooperation is needed if it is to realise President Xi's ambitious "One Belt, One Road" initiative, China has incentive to emphasise shared interests, downplay discord and manage maritime disputes.

ASEAN is primed to be more proactive in pushing for formulation of the Code of Conduct, which is becoming a focal point for South China Sea diplomacy. Beijing has softened its resistance to multilateral approaches and verbally endorses ASEAN's lead role in managing and maintaining peace and stability in the South China Sea – even if it does so mainly to block U.S. influence and rein in the Philippines. Within ASEAN, Indonesia is still resolved to lead, and Vietnam and the Philippines are still invested in the Code of Conduct process. There is a general consensus among other members that the 2012 rupture should not be allowed to recur. The 2015 chair, Malaysia, is a claimant country that has amicable relations with China. It is one of the more diplomatically capable members and well positioned, with Indonesia, to build on recent modest momentum to forge consensus and coordinate with Beijing on negotiations for the Code.

Agreeing on an "early harvest" approach is commendable, but ASEAN and China need to go beyond confidence building to implementing effective crisis management mechanisms. Foreign ministry hotlines are important but insufficient to prevent escalation in an emergency. An incident at sea is likely to involve fishermen, coast guards and navies over which ministry authority is weak, as it is in China. More negotiation is needed to ensure hotlines are open at all times and that those responsible for them can reach decision-makers speedily and instruct front-line personnel in an emergency. Once created, they should be regularly tested, as the US-USSR hotline was during the Cold War.

A comprehensive multi-agency crisis management system will take much longer to build, so all South China Sea littoral states should initiate a consultation framework that includes agencies with authority over foreign affairs, defence, maritime law enforcement, fisheries regulations and search and rescue. The initiative could be modelled on the China-Japan high-level consultations on maritime affairs, which met for a third time in January.²¹⁸ Such a platform could help identify each agency's counterpart, clarify misunderstandings originating in domestic legal differences and seek confidence-building opportunities, such as cooperation to enforce fisheries regulations.

Combined exercises could be expanded beyond search and rescue. In June 2014, the Chinese and Indonesian navies exercised on implementing the Code for Unplanned Encounters at Sea (CUES), adopted in April 2014 at the Western Pacific Naval Symposium, whose members include China and other South China Sea littoral states. Though non-binding, it establishes a communications protocol between naval ships and aircraft and advises commanders to avoid dangerous actions such as shin-

²¹⁸ "China and Japan Hold Third Round of High Level Consultations on Maritime Affairs", Chinese foreign ministry press release, 22 January 2015.

ing lights on a ship's bridge or aircraft cockpit, or simulating attacks by aiming guns, missiles or fire-control radar at a country's vessels or aircraft. Indonesia and China might consider multilateral CUES exercises, including additional littoral states, and create working-level dialogues among defence ministries to review implementation, address violations and establish best practices.

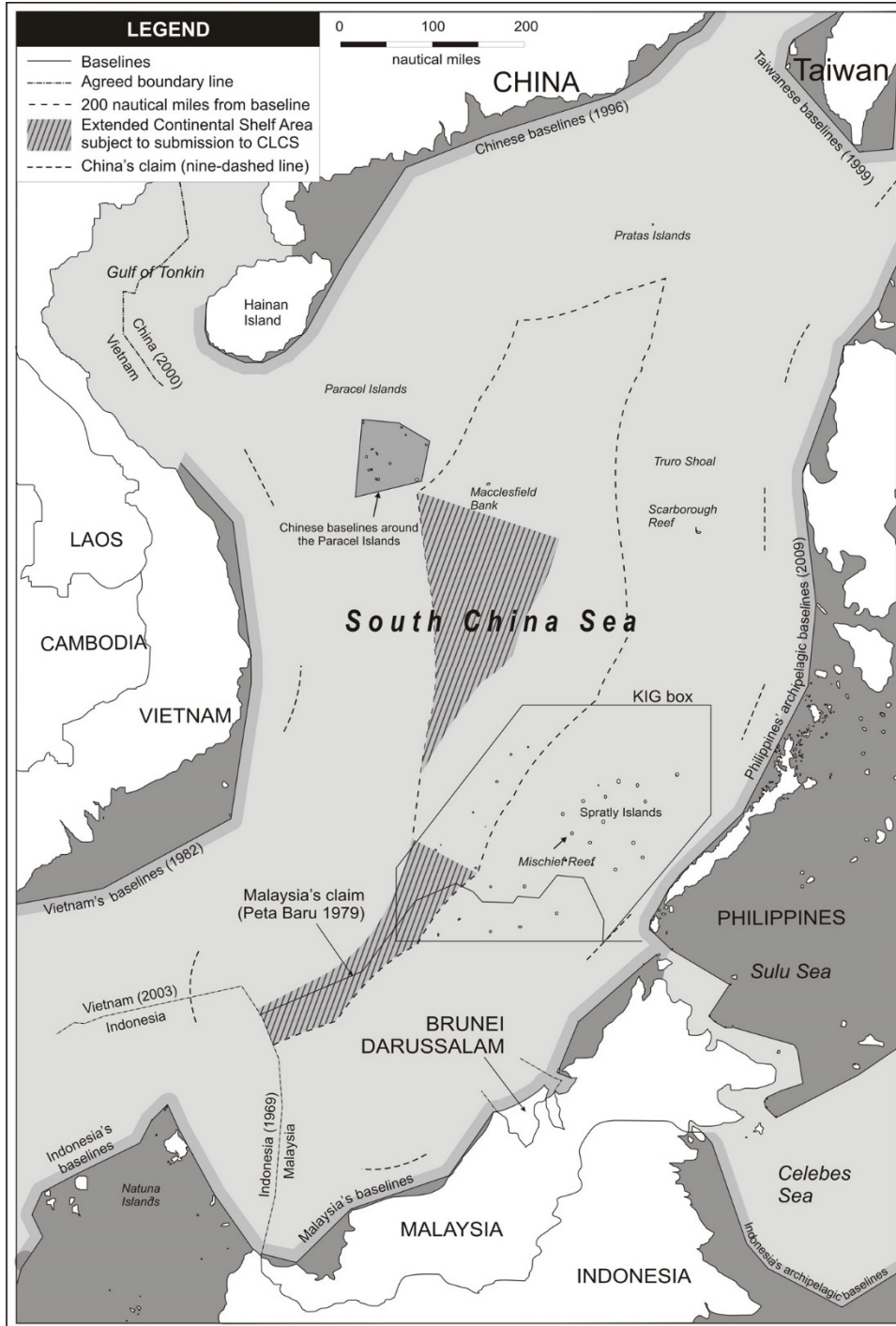
External nations and organisations with ties to ASEAN, including the U.S., Japan, Australia, Canada, the EU and the UN should give technical help and organisational support on incident-at-sea crisis management, for example by organising and sponsoring workshops on best practices involving China and South China Sea littoral states.²¹⁹

The Code of Conduct process urgently needs progress to boost South East Asian countries' failing confidence in both Chinese sincerity and ASEAN's capability. If they take advantage of the present relatively favourable environment, China and ASEAN have a credible chance to secure a durable calm and guard against the next tempest.

Beijing/Manila/Hanoi/Jakarta/Singapore/Brussels, 7 May 2015

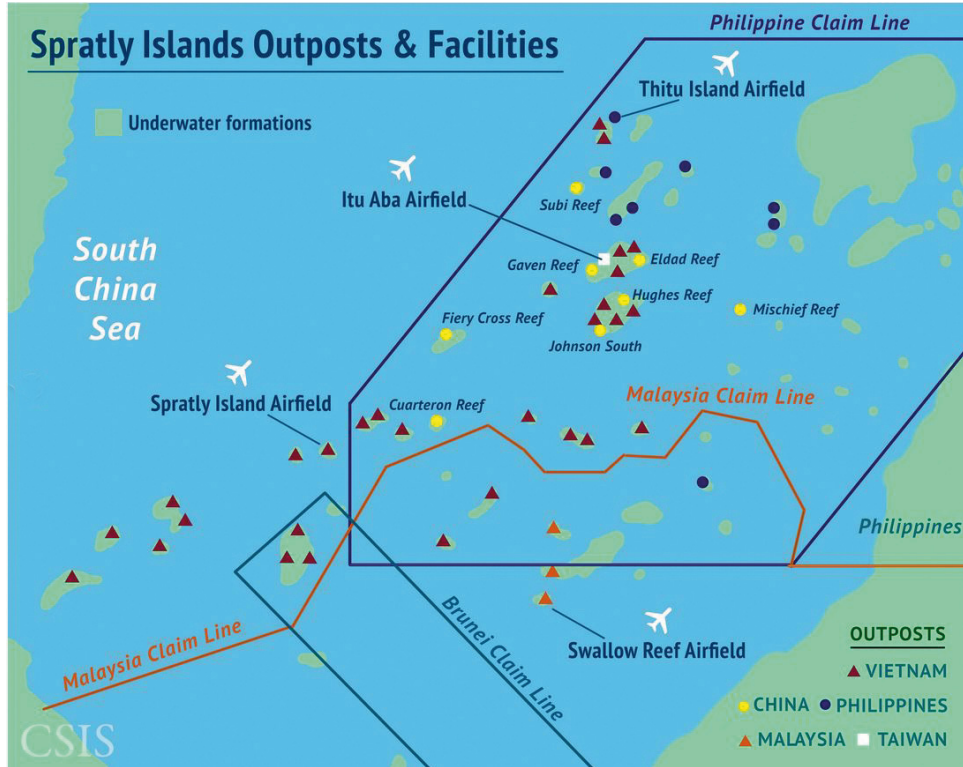
²¹⁹ Yann-Huei Song, *Managing Potential Conflicts in the South China Sea: Taiwan's Perspective* (Singapore, 1999), p. 21. Canada sponsored the "Workshop on Managing Potential Conflicts in the South China Sea" that enabled the DOC.

Appendix A: Map of the South China Sea



Prepared by I Made Andi Arsana, Department of Geodeting Engineering, Universitas Gadjah Mada, Indonesia. Reproduced with permission.

Appendix B: Map of Occupation and Development in the Spratlys



Reprinted with permission from the Asia Maritime Transparency Initiative, "Mischief on the Reef," Center for Strategic and International Studies, April 2015, <http://amti.csis.org/mischief-reef/>.

Appendix C: About the International Crisis Group

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord Mark Malloch-Brown, and Dean of Paris School of International Affairs (Sciences Po), Ghassan Salamé.

Crisis Group's President & CEO, Jean-Marie Guéhenno, assumed his role on 1 September 2014. Mr Guéhenno served as the UN Under-Secretary-General for Peacekeeping Operations from 2000-2008, and in 2012, as Deputy Joint Special Envoy of the United Nations and the League of Arab States on Syria. He left his post as Deputy Joint Special Envoy to chair the commission that prepared the white paper on French defence and national security in 2013.

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As of 1 October 2013, Central Asia publications are listed under the Europe and Central Asia program.

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Stirring up the South China Sea (I), Asia Report N°223, 23 April 2012 (also available in Chinese).

Stirring up the South China Sea (II): Regional Responses, Asia Report N°229, 24 July 2012 (also available in Chinese).

North Korean Succession and the Risks of Instability, Asia Report N°230, 25 July 2012 (also available in Chinese and Korean).

China's Central Asia Problem, Asia Report N°244, 27 February 2013 (also available in Chinese).

Dangerous Waters: China-Japan Relations on the Rocks, Asia Report N°245, 8 April 2013 (also available in Chinese).

Fire on the City Gate: Why China Keeps North Korea Close, Asia Report N°254, 9 December 2013 (also available in Chinese).

Old Scores and New Grudges: Evolving Sino-Japanese Tensions, Asia Report N°258, 24 July 2014 (also available in Chinese).

Risks of Intelligence Pathologies in South Korea, Asia Report N°259, 5 August 2014.

South Asia

Sri Lanka's North (I): The Denial of Minority Rights, Asia Report N°219, 16 March 2012.

Sri Lanka's North (II): Rebuilding under the Military, Asia Report N°220, 16 March 2012.

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Sri Lanka's Potemkin Peace: Democracy under Fire, Asia Report N°253, 13 November 2013.

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Sri Lanka's Presidential Election: Risks and Opportunities, Asia Briefing N°145, 9 December 2014.

Mapping Bangladesh's Political Crisis, Asia Report N°264, 9 February 2015.

Women, Violence and Conflict in Pakistan, Asia Report, N°265, 8 April 2015.

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Indonesia: Cautious Calm in Ambon, Asia Briefing N°133, 13 February 2012.

Indonesia: The Deadly Cost of Poor Policing, Asia Report N°218, 16 February 2012 (also available in Indonesian).

Timor-Leste's Elections: Leaving Behind a Violent Past?, Asia Briefing N°134, 21 February 2012.

Indonesia: Averting Election Violence in Aceh, Asia Briefing N°135, 29 February 2012.

Reform in Myanmar: One Year On, Asia Briefing N°136, 11 April 2012 (also available in Burmese and Chinese).

The Philippines: Local Politics in the Sulu Archipelago and the Peace Process, Asia Report N°225, 15 May 2012.

How Indonesian Extremists Regroup, Asia Report N°228, 16 July 2012 (also available in Indonesian).

Myanmar: The Politics of Economic Reform, Asia Report N°231, 27 July 2012 (also available in Burmese and Chinese).

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A Tentative Peace in Myanmar's Kachin Conflict, Asia Briefing N°140, 12 June 2013 (also available in Burmese and Chinese).

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The Dark Side of Transition: Violence Against Muslims in Myanmar, Asia Report N°251, 1 October 2013 (also available in Burmese and Chinese).

Not a Rubber Stamp: Myanmar's Legislature in a Time of Transition, Asia Briefing N°142, 13 December 2013 (also available in Burmese and Chinese).

Myanmar's Military: Back to the Barracks?, Asia Briefing N°143, 22 April 2014 (also available in Burmese).

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