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CONTINGENCY PLANNING MEMORANDUM UPDATE

# Conflict in the South China Sea

*Bonnie S. Glaser*

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Territorial disputes in the South China Sea continue to be a source of tension and potential conflict between China and other countries in the region. Though the United States takes no position on sovereignty claims in the South China Sea—including those of its ally, the Philippines—it is deeply interested in maintaining maritime security, upholding freedom of navigation, and ensuring that disputes are settled peacefully. For these reasons, a 2012 Council on Foreign Relations (CFR) Contingency Planning Memorandum, “[Armed Clash in the South China Sea](#),” argued that the United States should help lower the risk of conflict in the region, including the potential for dangerous military incidents involving U.S. and Chinese military forces.

## NEW CONCERNS

Beijing’s intention to exert greater control over the South China Sea appears undiminished. In 2012, China forcibly seized control of the previously unoccupied Scarborough Reef during a standoff with Philippine maritime vessels, despite agreeing to a mutual withdrawal brokered by Washington. China has seemingly been emboldened by this easy, cost-free conquest: it has since begun construction of artificial islands in the Spratly archipelago that will enable it to extend the range of the Chinese navy, air force, coast guard, and fishing fleets in just a few years. Once sufficient capabilities are in place for round-the-clock maritime and air presence over the South China Sea, Beijing is likely to declare an air defense identification zone (ADIZ), similar to the ADIZ it declared over the East China Sea in November 2013. The scale and pace of China’s dredging activity has alarmed rival claimants Vietnam, the Philippines, Malaysia, Brunei, and Taiwan.

The dispute between China and the Philippines over the Second Thomas Shoal deserves immediate attention. Since 1999, a small contingent of Philippine marines has been deployed on a vessel that Manila beached on the submerged reef. In 2014, Chinese coast guard ships attempted unsuccessfully to block delivery of food, water, and fresh troops to the military outpost. The condition of the beached ship is rapidly deteriorating and it is expected to slide into the sea in a matter of months unless it is reinforced. This situation could lead to another confrontation between Chinese and Philippine forces should Beijing decide to seize the shoal. The U.S.-Philippines mutual defense treaty could be invoked if, for example, a Philippine naval or coast guard vessel is attacked, a Philippine military aircraft is shot down, or members of the Philippine armed forces are injured.

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A military clash between China and Vietnam is also a concern. In May 2014, China deployed a deep-sea oil rig in Vietnam’s two hundred–nautical mile exclusive economic zone (EEZ), leading to a seventy-three-day crisis in which Chinese and Vietnamese ships rammed each other repeatedly before the rig was withdrawn. Although Vietnam’s military capabilities are dwarfed by China’s, Hanoi is nevertheless determined to defend its maritime rights. Worries persist in Hanoi that Beijing could deploy the oil rig to contested waters again, risking military confrontation. Similar clashes could take place in the nine oil blocks along the coast of Vietnam, for which China National Offshore Oil Corporation (CNOOC) invited foreign companies in 2012 to seek oil exploration bids, or near the Vietnamese-occupied Vanguard Bank.

In addition, the risk of a dangerous incident involving U.S. and Chinese forces within China’s EEZ remains a concern given the possibility of military escalation. Following several dangerous near-misses—notably in December 2013 involving a Chinese amphibious dock ship and a U.S. guided-missile cruiser and in August 2014 involving a Chinese fighter aircraft and a U.S. surveillance plane—the U.S. and Chinese militaries struck a groundbreaking deal on rules of behavior for safe military encounters between surface naval ships at sea. Such

confidence-building measures may help reduce the potential for accidents in the future. However, individual commanders may still display aggressive behavior that could have dire consequences.

### *POLICY IMPLICATIONS*

U.S. interests in the South China Sea include freedom of navigation, unimpeded passage for commercial shipping, and peaceful resolution of territorial disputes according to international law. Failure to respond to Chinese coercion or use of force could damage U.S. credibility, not only in Southeast Asia, but also in Japan, where anxiety about intensified activity by Chinese military and paramilitary forces is growing. Conflict in the South China Sea would put at risk the more than \$5 trillion in trade that passes through those strategic waters annually. Also at stake is the U.S. relationship with China, including Washington's efforts to gain greater cooperation from Beijing on global issues such as combatting terrorism, dealing with epidemics, confronting climate change, securing a deal on Iran's nuclear program, and persuading North Korea to relinquish its nuclear weapons.

### *RECOMMENDATIONS*

Although China may have moderated some of its intimidation tactics for now, it continues to seek greater control over the sea and airspace in the South China Sea. Moreover, various attempts to persuade China, along with the other claimants, to freeze destabilizing behavior such as land reclamation have not succeeded. Beijing continues to drag its feet on negotiating a binding code of conduct (CoC) with the Association of Southeast Asian Nations (ASEAN) and has rejected Manila's attempt to resolve its territorial dispute through arbitration under the United Nations Convention on the Law of the Sea (UNCLOS). Halting Chinese land reclamation activities may not be possible, but the United States can press China to be transparent about its intentions and urge other nations to do the same. While remaining neutral on sovereignty disputes, the United States should encourage all parties to pursue their claims peacefully and in accordance with international law. The United States should also press China to accept constraints on its behavior in a CoC and dissuade China from taking actions that increase the risk of conflict. Several of the recommendations in CFR's 2012 analysis of potential conflict in the South China Sea remain to be implemented; in particular, the United States should ratify UNCLOS. In addition, the United States should take the following steps:

- In the absence of progress between China and ASEAN on a binding CoC to avert crises in the South China Sea, the United States should encourage ASEAN to develop its own draft CoC containing risk-reduction measures and a dispute-resolution mechanism. The United States should then work with ASEAN to convince Beijing to sign and implement it.
- The United States should continue to help the Philippines and Vietnam enhance their maritime policing and security capabilities, for example through better surveillance systems, so they can deter and respond to China entering the water and airspace in their EEZs with impunity. Similar assistance should be extended to Malaysia if requested.
- The United States should be prepared to respond to future Chinese coercive acts including using U.S. naval forces to deter China's continuing use of "white hulled" paramilitary vessels. Other responses, such as imposing economic sanctions on Chinese energy companies should they drill in contested waters, are also conceivable but should not be specified in advance.
- The United States should state clearly and publicly that a declaration of an ADIZ by Beijing over the South China Sea would be destabilizing and would not be recognized by Washington.
- To further reduce the risk of an accident between U.S. and Chinese forces, the two militaries should implement their joint commitment to conclude an agreement on air-to-air encounters by the end of the year.

**Bonnie S. Glaser** is senior advisor for Asia, Freeman chair in China studies, and senior associate, Pacific Forum, at the Center for Strategic and International Studies.

Read CFR's *Contingency Planning Memorandum "Armed Clash in the South China Sea"* (2012) at <http://www.cfr.org/world/armed-clash-south-china-sea/p27883>.

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