



Vietnam Locks horns with China over South China Sea

Rajaram Panda

Dr Rajaram Panda is Senior Fellow at the Institute for Defence Studies and Analyses, New Delhi

June 20, 2011

Summary

The South China Sea has become the scene of a diplomatic flare-up involving the Philippines, Malaysia, Taiwan, Vietnam, Brunei and China because of competing claims - the latest being Vietnam's live-wire naval exercises off its coast near the disputed island chains which the Chinese claim as their own. In the past, Vietnam has accused China of escalating tensions in the region during two maritime confrontations, and has issued warnings to fishing vessels to stay out of its sea exercises area off its central Quang Nam province. When armed Vietnamese ships chased away Chinese fishing boats, China reacted strongly. The long standing sovereignty dispute over the area near the Spratlys is set to get worse. Though both China and Vietnam subscribe to international maritime law, both interpret it to suit their national interests. Though Vietnam, the Philippines, Malaysia, Brunei and Taiwan claim parts of the South China Sea, which covers an important shipping route and is believed to have untapped oil and gas reserves, China is asserting its claim to most of the sea's 648,000 square miles (1.7million square km), including the Spratly and Paracel archipelagos.

China has unilaterally imposed a ban on the vessels of other countries on those areas of the South China Sea that it claims as its own. When the ban is violated, China confiscates the vessels, triggering renewed tensions. If Vietnam were to acquiesce to China's demands and order its fishermen to refrain from going offshore, it would amount to an implicit recognition of China's sovereignty. The confiscation of fishing vessels and the demand and receipt of money from the fishermen deters them from such ventures in the future. This strategy enables China to expand its exclusive economic zone, so much so, that China is now claiming the entire South China Sea as its Exclusive Economic Zone (EEZ).

Like its claims on the East China Sea and dispute with Japan, China invokes old records dating from pre-1911 imperial China to support its sovereignty claims over the Spratlys, which are believed to be rich in oil and natural resources. It may be remembered that in 2010 the Chinese military designated the South China Sea as one of its "core" interests. China's bellicose behaviour suggests that it is indeed treating it that way.

What happens if neither party backs down? According to Yang Liyu, "this is like putting out a fire with gasoline". Neither Vietnam nor China is prepared to relinquish sovereignty. Under the circumstances, the possibility of escalation seems real. For its part, China has accused Vietnam of "gravely violating" its sovereignty and warned it to stop "all invasive activities". In response, Vietnam has toughened its position. There were massive demonstrations in front of Chinese diplomatic missions in Hanoi and Ho Chi Minh City supporting Vietnam's claims to the Spratlys (*Nansha to the Chinese*) and Paracel (*Xisha to the Chinese*) island chains. Meanwhile, a US-based petition-hosting website *Change.org* said that more than a 100 thousand people in 115 countries joined an online campaign to rename the South China Sea as the South East Asia Sea because as the petition states: "The sea is not restricted to a specific country. The countries of Southeast Asia encompass almost the entire South China Sea with a total coastline measuring approximately 130,000 kilometers long, whereas Southern China's coastline measures about 2,800 kilometers in length."¹

Vietnam's position is that there is actually no dispute and that the Chinese deliberately create a dispute where none exists. Having done so, they then suggest negotiations. That is what the Chinese have been doing with India as well in Arunachal Pradesh. They are claiming that the state is Chinese territory and are questioning India's sovereignty over the state. This is the typical Chinese style of aggrandisement with the long term aim of projecting power.

The diplomatic flare-up between Vietnam and China is the most serious confrontation in the territorial dispute. The valuable oil and mineral deposits in the South China Sea are believed to be driving half a dozen or so countries to stake their claim over it. Though the

¹ Quoted in http://www.eurosiareview.com/tensions-on-rise-in-south-china-sea-11062011?utm_source...

dispute over the territory has been going on for years, the countries involved signed an accord in 2002, whereby they committed to show restraint in disputed areas.² But as subsequent developments have proved, this has not worked and the accord has been violated with impunity. The accord has remained non-binding from the start.

In 2010, the issue surfaced again as a UN treaty mandated all nations to file formal claims to continental shelf sea beds by the end of 2009. Both China and Vietnam filed documents presenting competing claims. China followed this up by seizing a number of Vietnamese fishing boats to which Vietnam responded with naval activities like the seismic survey in early June 2011. Bilateral ties further nosedived when China blamed Hanoi for using armed boats to illegally chase Chinese fishing boats out of the area. When a Chinese fishing net accidentally snagged a research cable, Vietnam said that the damage to the cable was “premeditated and prepared in advance” by the Chinese. As mentioned before, both countries interpret international maritime law differently. While Vietnam claimed that the episode “took place within the exclusive economic zone, extending 200 nautical miles from the Vietnamese coast, that is reserved for Hanoi under international law,” China said “it took place outside the zone”.³

With the Chinese PLA navy continuing to extend its reach by, for instance, setting up a submarine base on Hainan Island, the neighbouring countries have begun to feel increasingly uncomfortable. China has reasons to feel the heat as the Vietnamese response is seen as posing a challenge to its long term strategy of projecting power. China also has further reasons to worry because of its territorial dispute with Japan over the Senkaku (*Diaoyu to the Chinese*) Island in the East China Sea. It has similar disputes with the Philippines and Indonesia as well. China’s concern is that its aggressive behaviour is forcing its maritime neighbours to join hands and form a front.⁴ This could be one reason why China’s response this time has been muted.

Vietnam’s holding of a live-fire navy drill on June 13 was triggered by an incident that took place in late May 2011. On May 26, a ship of the Vietnam National Oil and Gas Group (PetroVietnam) was surveying a drilling site for petroleum and natural gas reserves about 220 kms, or 120 nautical miles, off the coast of the Vietnamese province of Phu Yen. Three Chinese surveillance vessels approached the Vietnamese ship and one of these snapped the Vietnamese ship’s exploration cables and quickly withdrew from the site.

² The Association of Southeast Asian Nations (ASEAN)-China Declaration of Conduct of Parties in the South China Sea of 2002 affirmed the need for a binding Code of Conduct and expressed the collective goal of rules-based action by all concerned parties.

³ Michael Wines, “Dispute Between Vietnam and China Escalates Over Competing Claims in South China Sea,” *The New York Times*, June 10, 2011, http://www.nytimes.com/2011/06/11/world/asia/11vietnam.html?_r=&pagewanted=print.

⁴ Saibal Dasgupta, “Vietnamese threat to China from the sea?,” *Times of India*, June 12, 2011.

It was the first time that Chinese surveillance vessels had obstructed the operations of a Vietnamese ship. The Vietnamese foreign office lodged a public protest at a press conference on May 29, and termed the incident as “the most serious violation of Vietnam’s territorial waters”. The site of the incident is closer to Vietnam’s coast than the Paracel Islands in the north and the Spratly Islands in the south. China claims that both these islands are in the waters of the South China Sea. PetroVietnam characterised China’s act as “extremely malevolent”. The incident was seen as a deliberate Chinese strategy to expand maritime activities in the South China Sea on the back of its growing economic and military clout.⁵ The Chinese foreign ministry spokeswoman Jiang Yu said that the Chinese action was “regular surveillance activity” and that it was “Vietnam that has undermined China’s interests and jurisdictional rights”.

The Global Times, in an editorial on May 30, observed: “It would be naïve if Vietnam thought it can get China to bow to its claims.” The fact is that Vietnam and the Philippines have been ahead of China in effectively controlling contested islands and surrounding waters. China is trying to catch up. The Chinese move was to establish that a dispute in the South China Sea does exist and that it needs to be solved. When the US made its support for the South East Asian countries plain even before the ARF Forum meeting in Hanoi in July 2010, China dispatched Guo Baixiong and Xu Caihou, both vice chairmen of the Central Military Commission, and defence minister Liang Guanglie to South East Asian nations in April 2010 to appeal for a peaceful settlement of territorial disputes in the South China Sea, thus adopting a carrot-and-stick approach.

The dispute was a major issue at the Shangri La dialogue held in Singapore from June 3-5. For the first time, China sent its defence minister Liang Guanglie to the conference to regain lost ground in territorial disputes in the South China Sea. The Chinese media described Liang’s delegation as “the most powerful line up in history”.⁶

This time Vietnam has toughened its stance. Hanoi’s aggressive response to China’s warning that it halt all oil exploration in the South China Sea dented China’s confidence somewhat. The Northern Maritime Safety Corp announced on June 10 that Vietnam will carry out two exercises lasting a total of nine hours in an area in the South China Sea on June 13. *The Global Times* described Hanoi’s move as the “lowest form of nationalism to create new enmity between the people of the two countries”.⁷

⁵ “China gets tough with Vietnam, over territorial issues,” *The Asahi Shimbun*, June 1, 2011, <http://www.asahi.com/english/TKY2011053102.html>.

⁶ “China sends defence chief to Asia security meet,” *Asahi Shimbun*, June 5, 2011, <http://www.asahi.com/english/TKY201106040158.html>.

⁷ Dasgupta, note 4.

Having learnt a lesson from how China dealt with the Philippines earlier, Vietnam announced that it would welcome foreign involvement to keep peace - an apparent reference to the United States. Then, the US secretary of state Hillary Rodham Clinton declared in Hanoi in July 2010, that it was in the US national interest to keep the South China Sea shipping lanes clear, China told Washington to keep out of the dispute. This time around when Vietnam began live-fire drills on the uninhabited island of Hon Ong some 25 miles off the coast, China did not react immediately. The Philippines endorsed Vietnam's action, with its defence secretary Voltaire Gazmin defending Vietnam by saying that it was "within their sovereign right" since the drills were in their waters, thereby rejecting China's claims of sovereignty on the area. Ian Storey, a specialist on the region and fellow at the Institute of Southeast Asian Studies in Singapore, observes: "The point of these exercises is to send a clear message that Vietnam is serious about protecting its interests in the South China Sea and that it won't be bullied by China."⁸

While Vietnam is open to outside help to maintain peace and stability, China takes the position that such boundary disputes should be settled one-on-one rather than multilaterally. China cites the example of its successful negotiations with Vietnam which led to an agreement in 2000 on establishing a boundary in the Gulf of Tonkin.⁹ In 2010 when Vietnam held the chairmanship of the ASEAN, it initiated moves to internationalise the dispute, to counterbalance China's growing diplomatic and military power. But there is no explanation as to how this is to be done if China insists on imposing its own terms. China issues terse warnings to Vietnam, reminding it that it ruled the country for 1,000 years once and therefore Vietnam should read its own history. Such statements leave no room for peaceful resolution of the dispute.¹⁰

Legal Factor

There is also a legal dimension to the dispute. The confusion is whether the geographic features in the South China Sea are islands or rocks. Islands are entitled to an EEZ and continental shelf of their own but rocks are not. The rights of the countries claiming a stake in the resources lying below the waters is a subject of legal dispute that comes under Article 121 of the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

⁸ Quoted in James Hookway, "Vietnam Holds Live-Fire Drill in South China Sea," *The Wall Street Journal*, June 13, 2011, <http://online.wsj.com/article/SB10001424052702303714704576383220590832028.html?>

⁹ Nguyen Dang Thang, "China's Fishing Ban in the South China Sea: Implications for Territorial Disputes," *RSIS Commentaries No. 89/2011*, June 9, 2011.

¹⁰ "China blames Vietnam for rising tensions over disputed sea," <http://www.printthis.clickability.com/pt/cpt?expire=&title=China+blames+Vietnam+for+ri>.

Article 121 provides that islands – defined as “a naturally formed areas of land above water at high tide” – can in principle generate the same maritime zones as land territory.¹¹ These include a 12 nautical mile (nm) territorial sea, a 200 nm EEZ and a continental shelf. Some of the features in parts of the Spratly Islands do not meet the definition of an island as the structure of the islands have been artificially altered by some countries to accord legitimacy to their claims. China, Vietnam, Malaysia, and the Philippines have made submissions to the UN Secretary General at different times clarifying their positions. There is no consensus on the issue and as a result the dispute lingers.

Vietnamese scholars have urged their government to get tough with China on maritime disputes. They recommend that the government should take the dispute to international judicial bodies, including the International Tribunal for the Law of the Sea, and seek a resolution of the dispute. “If decisive action isn’t taken, China’s behavior will escalate,” says Tran Cong Truc, former head of Vietnam’s border commission.¹²

War of Words

The Philippines is outraged by China’s inflammatory statements. The presidential spokesman Edwin Lacierda reiterated his country’s commitment to a dialogue with other claimants. At the same time, he vowed that the Philippines would undertake measures to protect its territorial waters from incursions, especially in the Reed Bank in Western Palawan. The Philippines’ position is that a rule-based regime is a requisite for securing peace and stability in the region. It treats the Reed Bank or Recto Bank as part of the continental shelf of the western coast of Palawan. It says that it is about 85 nautical miles from the nearest coast of Palawan and therefore well within the 200 nautical miles continental shelf of the Philippine archipelago under UNCLOS. In contrast, it is roughly 595 nautical miles from the nearest coast of China. The Philippines, therefore, claims to have a legitimate right over Reed Bank, though it is open to the idea of inviting foreign investors to assist in developing the area in accordance with Philippine law.¹³

The Philippines’ plan to transform Reed Bank into a Joint Cooperation Area for development and for the establishment of a marine protected area for biodiversity conservation with the idea of creating a Zone of Peace, Freedom, Friendship, and Cooperation (ZoPFF/C) deserves serious consideration by countries with stakes in the

¹¹ Robert Beckman, “Islands or Rocks? Evolving Dispute in South China Sea,” *RSIS Commentaries No. 75/2011*, May 10, 2011.

¹² “Scholars urge Vietnam to get tough with China on sea disputes,” June 1, 2011, http://www.monstersandcritics.com/news/asiapacific/news/article_1642760.php/Scholars-.

¹³ Aurea Calica, “Word war won’t solve disputes”, June 11, 2011, <http://www.philstar.com/ArticlePrinterFriendly.aspx?articleId=695012&publicationsSubCa.>

South China Sea. According to the Philippines' foreign secretary Albert del Rosario: "Philippines' policy in South China Sea, both with respect to securing its terrestrial and maritime domain and to advocating dispute resolution and joint cooperation where applicable, is grounded on an unwavering adherence to international law."¹⁴ China rejects the Philippines' stance and has warned it to refrain from taking unilateral action that could affect China's sovereignty. The Philippines accuses China of "bullying".¹⁵

Vietnam too is determined to protect its "incontestable" sovereignty over the two South China Sea archipelagos. Beijing has termed the statements of both Vietnam and Philippines as "irresponsible". Such a war of words creates an explosive situation in the region. If tension was to escalate further, it could involve the United States, whose access to one of the world's busiest sea lanes would be affected.¹⁶

The Way Out?

If China's carrot-and-stick policy does not change, the future seems pregnant with uncertainty. Liang's assurance to the regional forum in Singapore on June 5, that China "never intends to threaten any nation" does not conform with China's stated position on the South China Sea. If China continues to deploy modern naval vessels and anti-ship missiles into the disputed areas of the South China Sea, it will only drive others to form a front to confront the Chinese menace. Companies like Exxon Mobile Corp., Talisman Energy Inc. and Forum Energy Plc. have signed deals to explore energy deposits below the waters. China will try its best to scuttle such moves. Incidents like those between China and Vietnam and the Philippines are likely to increase over the next few years. China is unlikely to tone down its aggressive posture. On the contrary, one can expect much more aggressive patrolling of the area by China.

Moreover, the situation is turning into a Sino-US competition in South East Asia. Chinese analysts see the US using the South China Sea as a new way to contain China's rise. The central government agencies, the PLA Navy, provincial governments and state-owned enterprises all have their own interests in the disputed waters. There is no coordination between agencies that have economic stakes. The players often make case-by-case policy decisions on the ground in accordance with their individual priorities. Stephanie Kleine-Ahlbrandt of the International Crisis Group observes: "Some of the harder-line actors can

¹⁴ Quoted in Ibid.

¹⁵ "Simone Oredain, "Philippines Seeks Answers About Latest South China Sea Incident," http://www.globalsecurity.org/military/library/news/2011/06/mil-110601-voa03.htm?_m=3.

¹⁶ "China and Vietnam in escalating dispute in South China," *The Telegraph*, June 10, 2011, <http://www.telegraph.co.uk/news/worldnews/asia/china/8567652/China-and-Vietnam-in-es>.

justify their actions with the voices of strident nationalism, contributing to a heated domestic environment and marginalising more moderate voices.”¹⁷

Vietnam is gearing up to face the Chinese challenge and it has the support of the Philippines and Malaysia. At the Shangri-La Dialogue in Singapore on June 5, 2011, the Vietnamese Defence Minister Phung Quang Thanh said that Vietnam is planning to purchase six Russian submarines as “a deterrent to those who have an intention to compromise and impair Vietnamese sovereignty”. Thanh said that his country “cannot accept” China’s map of South China Sea as a basis for joint development of gas and oil resources as it has “no legal grounds”.¹⁸

According to World Bank estimates, Vietnam’s domestic demand for energy will triple by 2025 and therefore drilling for oil will be a priority. The Philippines aims to boost its hydrocarbon reserves by 40 per cent in the next two decades to reduce reliance on imports. China’s domestic oil reserves have shrunk almost 40 per cent since 2001 as the economy grew above 10 per cent.¹⁹ As a result, no country will surrender its interests.

If tensions escalate into a conflict situation, the US, despite its budget cuts and war wariness among the public, would not hesitate to intervene militarily. It has defence treaties with the Philippines and Thailand, and it guarantees Taiwan’s security. US patrolling of waters in the Asia-Pacific will continue. Even while China is bolstering its forces at a furious pace by procuring nuclear-powered submarines, besides fielding an aircraft carrier, other countries in the region are not lagging behind. Though Vietnam with \$2.4 billion on defence spending and the Philippines with \$1.5 billion in 2010 are no match for China’s \$92.9 billion defence budget, no country is going to yield to the other. If China is seeking hegemony, other countries and the US will combine to check it, even though China justifies its military capabilities as falling “within the legitimate need of its self defence”. In view of the rigid stance adopted by the countries with competing claims in the South China Sea, the prospects of cooperation appear bleak. Managing rising tensions and conflict will be a huge challenge for all stakeholders.

¹⁷ Tania Branigan, “Vietnam holds live-fire exercises as territorial dispute with China escalates,” *The Guardian*, June 14, 2011, <http://www.guardian.co.uk/world/2011/jun/14/china-vietnam-dispute-military-exercise/print>.

¹⁸ “China’s Worried Neighbours Query South China Sea Peace Pledge,” June 6, 2011, <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/06/06/bloomberg1376-LMANYK6J>.

¹⁹ Ibid.