Between assertiveness and self-restraint: understanding China’s South China Sea policy

ZHOU FANGYIN

Since 2010 the situation in the South China Sea, which had been calm during the post-Cold War era, has become more volatile. This has happened in the context of China’s rapid rise and the US ‘pivot’ to Asia. The state of affairs in the South China Sea has been affected by a range of factors, including the transformation of regional power structures, the cognitive adjustments made by the countries involved, and the strategic choices made by powers outside the region in deciding how to deal with the changing regional power structure. Not surprisingly, China’s South China Sea policy has been subject to close international scrutiny; in particular, its assertive behaviour has become a fertile source of controversy and has been much criticized. What are China’s strategic objectives in dealing with the territorial and maritime disputes in the South China Sea? Is China attempting to maximize its power, and to gain as much de facto control over the islands as possible? Is China’s changing South China Sea policy opportunistic behaviour, aimed at establishing regional dominance at a time when it believes there is least likelihood of resistance from the neighbouring countries concerned? Or is China trying to defend its sovereign rights and national interests without jeopardizing stability in the area?

This article addresses these questions from an inside-out perspective; that is, it seeks to bring internal Chinese debates and views about China’s strategic goals and policy options to bear on the current debates, and thereby to shed light on hotly debated topics with regard to the controversial Chinese policies towards the South China Sea disputes. The rest of the article is divided into three parts. The first part discusses the contentious topic of China’s strategic goals in the South China Sea. The second part traces the changing Chinese approaches to the South China Sea disputes. The third part provides an empirical and analytical examination of four cases of Chinese behaviour in the South China Sea disputes. The central argument of the article is that China has limited strategic goals in the South China Sea. Its changing approaches to the territorial and maritime disputes in this area are conditioned by and contingent on its national grand strategic goal of rejuvenating the Chinese nation; the US pivot to Asia; rising nationalism in China; and the interactions between China and other claimants in the South China Sea disputes, particularly the Philippines and Vietnam. Whereas it is arguably true that Chinese behaviour in the South China Sea has become more proactive and assertive in...
some instances, there are also noteworthy cases where the Chinese government has exercised considerable self-restraint. All this calls for a more nuanced understanding of the intricacy of China’s South China Sea policy than is commonly expressed in the existing literature.

China’s strategic goals in the South China Sea

In order to develop a better understanding of China’s strategic thinking and policy choices in regard to the South China Sea disputes, we must first clarify two things. The first is what China is trying to achieve, in other words its strategic goal, in dealing with these matters; the second is what measures and approaches the Chinese government believes to be the most effective in pursuing this goal. Once these two things have been established, it will then become possible to evaluate the available policy options for the Chinese government and why and how a particular course of action has been taken in a specific political context. An examination of Chinese foreign policy considerations on these lines promises to yield more useful insights than an approach that asks simply whether or not Chinese diplomacy has become more assertive (or aggressive), or whether or not China’s intentions have changed.

China’s strategic goal in dealing with the South China Sea territorial and maritime disputes is determined in part by its overall diplomatic aims and how the South China Sea fits into this larger picture, and in part by how China reads the changing international environment and its room for manoeuvre in determining policy on this issue. These factors, of course, are not static, but are constantly evolving. An analysis of China’s changing approaches to the South China Sea disputes can yield at best only a superficial interpretation if it does not take into consideration both the evolution in Chinese diplomatic strategy and policy thinking and the shifting locus of these disputes on the Chinese foreign policy agenda.

Outside observers considering only the immediately apparent manifestations of policy are likely to conclude that China has become more assertive in its approaches to the South China Sea territorial and maritime disputes. However, this interpretation overlooks the intricacy, some might say inconsistency, of Chinese behaviour in regard to these disputes. For example, while China gained de facto control over the Scarborough Shoal (Huangyan Dao) from the Philippines by adopting a proactive approach—considered successful by many Chinese analysts—it did not replicate this approach in dealing with the Second Thomas

---


2 Yong Zeng, ‘Cong huangyandao moshi kan zhongguo nanhai zhengce zouxiang’ [The trend of China’s policy
Understanding China’s South China Sea policy

Shoal (Ren’ai Jiao) or other disputed islands. As another example, in July 2014 China called a halt to the operations of the Haiyang Shiyou 981 drilling platform in the South China Sea, even though in Beijing’s view the operations were taking place in waters not under dispute. On the other hand, for over a year it has insisted on continuing land reclamation on a large scale on some islands and reefs in the South China Sea. Moreover, while China established an Air Defence Identification Zone (ADIZ) in the East China Sea on 23 November 2013, it has been very cautious about establishing an ADIZ in the South China Sea. Claims of increasing Chinese assertiveness cannot explain this seemingly paradoxical behaviour. To arrive at a more accurate understanding of this apparent inconsistency, it is necessary to take into account the broader debate within China about whether higher priority should be given in national foreign policy to defending sovereign and maritime rights or to maintaining regional stability in the South China Sea, and whether Chinese foreign policy is to move decisively from ‘keeping a low profile’ to ‘striving for achievement’.3

Since the introduction in 1978 of the reform agenda, with its new openness to the wider world, the goal of China’s diplomatic work has been to secure a peaceful and favourable international environment for economic development. The result of this policy of ‘diplomacy serving the economy’ has been that China has usually chosen to refrain from assertive pursuit of its own interests with a view to maintaining peace and stability and preventing any deterioration in its international environment.4 This approach to foreign policy has often been referred to as ‘keeping a low profile’.5 After 2010, with the rapid increase in China’s economic power and growing concern and vigilance in the United States about China’s


4 For example, Swaine and Tellis argue that China is adopting a ‘calculative strategy’, the underlying logic of which is simply that it is seeking to increase its power in a variety of issue areas in as non-provocative a fashion as possible to avoid precipitating those regional or global responses that would seek to retard the growth of that power. See Michael D. Swaine and Ashley J. Tellis, Interpreting China’s grand strategy: past, present, and future (Santa Monica, CA: RAND, 2000), p. 113.

rise, the policy of keeping a low profile became markedly less effective.\(^6\) China’s confrontations over territorial disputes in the South China Sea with other claimants, notably the Philippines and Vietnam, have not only prompted the adjustment (arguably even the abandonment) of this policy, but also reflect and put to the test a more proactive foreign policy approach.

Against the background of an increasingly inflamed situation in the South China Sea, two top-level diplomatic work conferences were held by the Chinese government in successive years: the Peripheral Diplomacy Work Conference on 24–25 October 2013,\(^7\) and the Central Conference on Work Relating to Foreign Affairs on 28–29 November 2014.\(^8\) All members of the Standing Committee of the Chinese Communist Party’s Politburo attended both meetings, which are the highest-level work conferences on foreign policy to have been held by the Party Central Committee since the founding of the People’s Republic in 1949. One of the main tasks of these conferences was to further clarify the strategic goals and basic principles of Chinese foreign policy for the next decade or so. It is worth noting that the South China Sea is not mentioned in the public documents that emerged from the two conferences, which suggests that these disputes are not at the top of China’s foreign policy agenda. While there is no doubt that the South China Sea disputes are real challenges to Chinese foreign policy, it is also clear that there are many other important foreign policy objectives that the current Chinese government is trying to pursue. In 2012, the notion of ‘building China into a maritime power’ was introduced in the 18th Party Congress report. Although this is a clear sign of the growing importance of the maritime domain in China’s pursuit of Great Power status, ‘maritime power’ covers a whole array of maritime issues, of which maritime security is just one.\(^9\) The point worth reiterating is that the importance of the South China Sea disputes must be evaluated within the framework of China’s overall strategic and foreign policy goals rather than inferred from a narrow interpretation based on examination of particular actions taken by China in respect of these disputes.\(^10\)

According to the documents published following the two top-level conferences on foreign policy mentioned above, the fundamental goal of Chinese foreign policy in the coming decade is to serve the great rejuvenation of the Chinese nation,

---


\(^7\) ‘Wei wo guo fazhan zhengqu lianghao zhoubian huanjing, tuidong wo guo fazhan geng duo huiji zhoubian guoju’ [Working for an environment conducive to China’s development in the area around China and promoting China’s development to benefit the countries in this area], *People’s Daily*, 26 Oct. 2013, p. 1.


\(^9\) On 5 March 2014, Chinese Premier Li Keqiang delivered the annual report on the work of the government at the Twelfth National People’s Congress, in which he noted that: ‘We need to draw up and implement a strategic maritime plan, develop the marine economy, protect the marine environment ... improve coordinated maritime management ... resolutely safeguard China’s maritime rights and interests ... and move closer to achieving the goal of building China into a maritime power.’ See http://news.xinhuanet.com/english/special/2014-03/14/c_13187027.htm.

\(^10\) On the changing importance of maritime issues in Chinese foreign policy, see Irene Chan and Mingjiang Li, ‘New Chinese leadership, new policy in the South China Sea dispute?’, *Journal of Chinese Political Science* 20: 1, 2015, pp. 35–50.
Understanding China’s South China Sea policy

which is how China’s rise is referred to within the Chinese context. As China’s rise is a complicated and multidimensional process, political and social stability within the country, and the sustained and steady upgrading of its comprehensive national power, are both and at the same time part of, and important prerequisites for, this process. Foreign policy is to serve this grand strategic goal. It is in this context that the South China Sea disputes can be ranked in the hierarchy of Chinese foreign policy considerations.

The first point to make is that, although in practical terms the South China Sea territorial and maritime disputes are important, their status may fluctuate significantly within the bigger picture for Chinese diplomacy. If China and the other countries in question were able to shelve the disputes, the issue would slip to a low rank on China’s foreign policy agenda. By the same token, if the disputes threatened to provoke military conflict, and thereby to affect the stability of the overall neighbourhood environment—particularly if they were to influence the development of China’s relations with other major powers, above all the United States—they would move rapidly up to the top of the Chinese foreign policy agenda. Were this to happen, China would lose flexibility in the policy options available, and its choices would be dominated by other considerations. The same is true of other parties involved in the disputes.

The second point to make is that different approaches to protecting China’s interests in the South China Sea will have different effects on its interests in other spheres, meaning that Beijing’s attitude in dealing with the South China Sea disputes can have an impact on the achievement of other diplomatic goals. It is generally accepted in the Chinese debates that if China were to adopt a restrained and moderate policy on this issue for a considerable length of time, this could prompt certain countries to become more demanding in their relations with China. Restraint and moderation could thus lead to direct damage to China’s national interests, while at the same time stimulating a rise in nationalism at home, making a moderate approach ultimately unsustainable. If, on the other hand, China were to adopt consistently tough, aggressive policies, this could not only elicit strong policy reactions from countries including the United States, the Philippines and Vietnam, but also engender widespread misgivings among other countries in south-east Asia and elsewhere in China’s neighbourhood, prompting them to question Chinese intentions. As China enters a period of transition in its foreign policy, it must adopt a combination of tough and soft measures. For an international community that has become accustomed to China’s keeping a low profile in its foreign policy, it is only natural that this would cause some level of discomfort. The widespread claims about Chinese assertiveness must be understood in this context. China has not simply become more assertive in its diplomacy, nor does offensive realism have a compelling logic in explaining Chinese behaviour.

Between 2011 and 2014, Chinese foreign policy went through an overall transition from ‘keeping a low profile’ to ‘striving for achievement’. It can be argued

---

Xuetong Yan, ‘Zhongguo waijiao quanmian gaige de kaishi’ [The beginning of comprehensive reform in Chinese diplomacy], Shijie Zhishi [World affairs] 169: 24, 2013, pp. 15–16, and ‘From keeping a low profile to
that during this period, the status and ranking of the South China Sea disputes on the Chinese foreign policy agenda underwent a pronounced change. From 2012 to the first half of 2014, the Chinese government was exploring the approach of ‘striving for achievement’, in part by testing it out in its handling of the South China Sea disputes. China’s changing approach towards the South China Sea disputes, therefore, reflects a process of learning and accumulating experience in pursuing its new diplomatic line of ‘striving for achievement’.

By the second half of 2014, the development of the ‘one belt, one road’ initiative and preparations for setting up the Asian Infrastructure Investment Bank (AIIB) were entering a critical stage. In this context, a proactive approach to dealing with the South China Sea disputes seemed unlikely to secure many substantive benefits, while also—and perhaps most importantly—promising no fundamental solution of the issues at stake, and possibly having a negative impact on other, higher-priority, diplomatic goals. In other words, a gain in one area might be secured at the cost of a bigger loss in another. In this sense, adjustments to the direction of Chinese diplomacy at a macro level change the frame of reference for calculating cost and benefits.

China’s changing strategic thinking about the South China Sea disputes

Not only has the status of the South China Sea in the bigger picture of Chinese diplomacy shifted; China’s strategic thinking on dealing with these issues has also been adjusted since 2010, especially in terms of what is the most appropriate way of realizing the nation’s broad strategic goals. The shift from keeping a low profile to striving for achievement involves important adjustments to the policy and measures adopted by China in its foreign policy.

Broadly speaking, the change in the strategic thinking behind the Chinese approach to dealing with the South China Sea disputes has gone through a series of stages. During the first stage, China adopted a principled policy of shelving disputes and seeking common development (gezhi zhengyi, gongtong kaifa). This policy, which was guided by the principle of keeping a low profile, worked well for some time and helped China to maintain friendly relations with the ASEAN countries, although in the latter part of this first stage it became increasingly diffi-

12 The ‘one belt, one road’ initiative is the abbreviation for the combined Silk Road Economic Belt and Twenty-first Century Maritime Silk Road—an ambitious initiative proposed by Chinese President Xi Jinping during the latter half of 2013. This initiative has gradually become the focus of Chinese foreign policy.

13 It should be pointed out that this is a macro-level description; there is no suggestion that everyone across all the different government departments in China shares the same views on the issues involved. On the contrary, the understandings of different people and different departments vary widely, and are at times even entirely conflicting. Nonetheless, even with such diversity of opinion, it is still possible to identify some macro trends and patterns and their influence on Chinese diplomacy in practice. In terms of the complexity of decision-making related to maritime issues in China, Linda Jakobson has offered valuable insights. See Linda Jakobson, China’s unpredictable maritime actors (Sydney: Lowy Institute for International Policy, Nov. 2014).
Understanding China’s South China Sea policy
cult to sustain. Nevertheless, the Chinese government generally kept to this line, drawing on economic cooperation and diplomatic dialogue to ease the rising tensions and to maintain overall stability.

In the second stage, as regional tensions rose, the Chinese government realized that the policy based on keeping a low profile was becoming less effective and could not calm tensions in the South China Sea. In this context, a debate emerged as to whether the priority in dealing with the South China Sea disputes should be to ‘defend [China’s] sovereign rights’ or ‘maintain regional stability’. Academic discussion deepened the understanding of the relationship between the two, and a general consensus was reached that China should not allow its essential sovereign rights to be compromised for the sake of maintaining regional stability. It was also generally agreed that there was no simple and quick fix that would resolve the matter: striving to reconcile the two aims in practice would be a long and tortuous process. Similarly, the government departments concerned underwent a cognitive shift from the presumption that regional stability was of the highest importance to prioritizing the defence of China’s sovereign rights, or at least to a realization that equal importance should be placed on both in policy-making. At the same time there was a surge in nationalism in China, prompted by the South China Sea disputes. Against this background, China’s South China Sea policy gradually began to become more proactive and assertive. This trend was reflected in the Scarborough Shoul standoff of 2012, during which China took a robust approach towards the Philippines and gained full de facto control of the shoal.

China’s successful assertive approach to the Scarborough Shoul standoff, which ushered in the third stage, had two important implications. First, China realized that it had the necessary capacity to attain further such successes. Second, ordinary Chinese citizens came to believe that their government would not easily give up national interests, and the upsurge in nationalist sentiment dissipated somewhat

---

14 In 2010 and 2011, an increasing number of Chinese scholars began to question the effectiveness of the policy of shelving disputes and seeking common development. See e.g. Wei Chen, ‘Gezhi zhengyi, gongtong kaifa zai jieju nanhai wenti zhong de kunjing ji zhanwang’ [Predicaments and prospects of handling the South China Sea issue by shelving disputes and seeking common development], Jinying Guanli Zhe [Managers] 234: 13, 2010, pp. 197–8; Weihua Tong, ‘Nanhai duice zhong gezhi zhengyi yu gongtong kaifa zhi chongtu ji tiaozheng’ [The conflict between shelving disputes and seeking common development in the South China Sea and adjustment of our strategy], Zhongguo Haiyang Daxue Xuebao (Shehui Kexue Ban) [Journal of Ocean University of China (social science edition)], no. 6, 2011, pp. 1–6; Zewei Yang, ‘Gezhi zhengyi gongtong kaifa yuanze de kunjing yu chulu’ [The principle of shelving disputes and seeking common development: dilemmas and the way out], Jiangsu Daxue Xuebao (Shehui Kexue Ban) [Journal of Jiangsu University (social science edition)] 13: 3, 2011, pp. 70–75.


16 Zhang, ‘Huangy andao moshi yu zhongguo haiyang weiquan zhengce zhuanxiang’.

17 In April 2012, during the standoff between China and the Philippines over the Scarborough Shoul, the Global Times conducted a survey in seven Chinese cities (Beijing, Shanghái, Guangzhou, Chengdu, Xi’an, Changsha and Shenyang), in which 46.2% of respondents expressed the opinion that China should take firm measures to gradually obtain de facto control over most of the islands and reefs in the South China Sea, and 28.6% of respondents expressed the belief that China should recover those islands and reefs occupied by the Philippines and Vietnam at any cost as soon as possible. Compared with this fierce nationalist sentiment, the behaviour of the Chinese government in the South China Sea was relatively restrained. See http://world.huanqiu.com/roll/2012-05/2676809.html.
as a result. These two factors have had a transformative effect on the Chinese government’s approach to dealing with the South China Sea disputes, giving it more confidence in taking initiatives to deal with those disputes and consequently a wider choice of policy options. In the wake of the Scarborough Shoal standoff, the Chinese government chose a delicately balanced combination of assertiveness and self-restraint in dealing with the South China Sea disputes. The basic idea behind this stage has been that China could draw on a variety of methods short of military force to explore possible ways to stabilize the situation and ease tensions in the South China Sea, while being prepared to use force, if necessary, as a means of persuasion.

During the fourth stage, with the promulgation of the ‘one belt, one road’ initiative and the preparations for the establishment of the AIIB, the focus of Chinese diplomacy shifted to development issues in the countries surrounding China, giving regional development precedence over, or at least making it of commensurate importance with, traditional security issues. Regional development is an area in which China has a clear comparative advantage. During this stage, China has become more restrained in its approach towards the South China Sea disputes, but this has not stopped it from steadily working to enhance its physical presence in the areas under its effective control. This intention is highlighted by China’s large-scale land reclamation in the South China Sea between 2014 and 2015. Land reclamation, it should be noted, is a practice that has already been commonly used by other claimants, notably the Philippines and Vietnam, in the South China Sea. The difference is that China has been doing it on a much larger scale over a much shorter period of time, evoking strong opposition from other regional countries and from the United States. It is still too early to see how this shift will affect the situation in the South China Sea.

Several important points can be drawn from this outline of China’s changing strategic thinking in dealing with the South China Sea territorial and maritime disputes. First, the changes in Chinese foreign policy towards these disputes have occurred in the context of the US pivot to Asia, rising tensions in the South China Sea, and China’s own rapidly increasing power and capacity. China’s policy shift has had

18 Anecdotal evidence of this shift in public sentiment can be found in the fact that after the end of 2013 there were fewer instances of people sending calcium tablets to the Chinese Ministry of Foreign Affairs, and by the end of 2014 this phenomenon had almost entirely disappeared. In contemporary Chinese discourse, to refer to something as being ‘calcium deficient’ essentially means that it is weak, while giving ‘a boost of calcium’ to something means to strengthen or embolden it. Thus by sending calcium tablets to the Ministry of Foreign Affairs, ordinary Chinese people were conveying their belief that Chinese foreign policy was too weak. (Author’s interview with Ministry of Foreign Affairs official, Beijing, 12 April 2015; see also ‘Waijiaobu lingdao: gei waijiaobu ji gaipian de ren yue lai yue shao le’ [Senior official of Ministry of Foreign Affairs: fewer and fewer Chinese people are sending calcium tablets to the Ministry of Foreign Affairs], 9 Dec. 2014, http://www.guancha.cn/strategy/2014_12_09_302831.shtml, accessed 10 Dec. 2014.

19 During this stage, China also worked hard to integrate its maritime law enforcement agencies. Before 2013, there were five civilian law enforcement agencies, each with its own fleet, and each administratively subordinate to a different central government ministry or agency. This changed significantly with the establishment of the China Maritime Police (also known as the Chinese coastguard) in 2013 under the State Oceanic Administration, improving China’s policy implementation capability. See ‘Guowuyuan jigou gaige he zhineng zhuanbian fangan’ [State Council institutional reform and transformation of functions plan], Xinhua, 14 March 2013, http://news.xinhuanet.com/2013lh/2013-03/14/c_115030825.htm; see also Jakobson, China’s unpredictable maritime actors.
not come about as a result of the wishes of any particular leader, but can instead be seen as a contingent development. More specifically, having long been guided by the principle of keeping a low profile, Chinese diplomacy needs to go through a period of ‘becoming assertive’ in order to establish the level of deterrence necessary for China to be in a position to defend its sovereign rights and national interests in the South China Sea. The Chinese government has learned from experience that during a process of conflict and confrontation, a unilateral policy of moderation will not achieve stability, and may even whet the appetite of the other side. As the situation in the South China Sea has become increasingly heated, Chinese government and academic circles have gradually come to understand that although China hopes to maintain peace and stability there, this goal cannot be achieved simply by adopting a consistently moderate approach, or only by applying self-restraint in its diplomacy. The policy of self-restraint may instead encourage some countries to be more demanding in their relations with China.

Second, although Chinese foreign policy during this period of transition has become more assertive, assertiveness itself is neither the goal nor an inherent characteristic of Chinese diplomacy. The priority of Chinese foreign policy in the short term is to keep the situation in the South China Sea under control and to contain the escalating provocations of certain neighbouring countries in defence of its own national interests. During this process, China has attempted to establish necessary and reliable deterrence of a kind likely to have only a very limited negative impact on regional stability. What is important for China is not to provoke any physical confrontation with the claimants in question, but to change the expectations of those claimants about how China will behave in a given situation, making sure that they fully understand China’s firmness of purpose and resolve to defend its fundamental rights and interests. This can be achieved through adopting an approach that is consistent and reasonable and at the same time firm and assertive. In order to achieve this aim, in the short term, rather than worrying about being perceived as too ‘tough’ and ‘assertive’, China should avoid being seen as ‘not tough enough’, because that could undermine all previous efforts it has made to establish a credible deterrence.

Our focus of attention during this process should be the scale of China’s actions to defend its sovereign rights. Though China has more recently adopted a firmer approach to defending its sovereign rights and interests, it has been careful to avoid resorting to military measures or using simplistic and heavy-handed means in doing so. In other words, China is attempting to defend its rights without compromising regional stability, and to become more sophisticated in its use of different techniques to achieve this goal, even though it has clearly developed a stronger capacity to withstand external pressure.

By the middle of 2014, China had already achieved a certain level of success in this respect. A major reflection of this initial success is that Japan, the Philippines

---


21 Yan, ‘From keeping a low profile to striving for achievement’.
and Vietnam have all stopped taking provocative measures to escalate their physical confrontation with China over the Diaoyu/Senkaku Islands and in the South China Sea.\(^{22}\) From this point, without compromising the necessary deterrence it has managed to establish, the Chinese government has been trying to demonstrate a certain amount of flexibility over the issues in the South China Sea. An important indication of this flexibility can be found in the advocacy of ‘dual track thinking’, an expression first used by Wang Yi, China’s Foreign Minister, on 9 August 2014. According to Wang, this means, first, that any relevant dispute should be addressed by the countries directly concerned through friendly talks and negotiations to find a peaceful solution; and second, that peace and stability in the South China Sea should be jointly maintained by China and the ASEAN countries.\(^{23}\) This formulation shows that China does not rule out the idea of drawing on multilateral cooperation to solve the South China Sea disputes, and that it is not opposed to the establishment of regional rules and norms. Even in a context where China clearly has a power advantage, it is not attempting to impose its will by assertion.\(^{24}\)

Since 2012, China’s behaviour in dealing with issues in the South China Sea has remained relatively consistent. In its interactions with south-east Asian countries, it has demonstrated a high level of strategic patience, and its use of strategic measures in handling specific issues has become more flexible and effective. Today, China’s policy on the South China Sea disputes is more proactive and confident than it has been in the past. It is largely implemented according to China’s own strategic design and thinking, and is not easily influenced by international opinion or external pressure.

**An analysis of four specific cases**

As noted above, there have been two important shifts in China’s approach to dealing with the South China Sea disputes. The first is the shift from a moderate and principled policy of self-restraint to a more proactive and assertive approach with the aim of deterring other countries from further provocations and escalation. This shift can best be seen in the way China approached the Scarborough Shoal standoff of 2012. The second shift took place when, having established what it believes to be an effective level of deterrence, the Chinese government began to show more flexibility and to explore the feasibility of different solutions of the South China Sea disputes. This section of the article analyses four cases in which the Chinese government has taken different approaches to the South China Sea disputes to illustrate these two important shifts and thereby contribute towards a better understanding of China’s South China Sea policy in practice.

\(^{22}\) The Philippines, however, has continued efforts to engage China in ‘soft’ confrontation through international law and disputes over the fisheries industry.


From the Scarborough Shoal to the Second Thomas Shoal: seeking de facto control

The Scarborough Shoal is the only island in the Macclesfield Bank (Zhongsha Qundao) that is visible above water. In 1978 the Philippines announced its intention to establish an exclusive economic zone to a distance of 200 nautical miles and attempted to include the Scarborough Shoal within this zone. From May 1997 onwards the Philippines strengthened its surveillance over the shoal and sent naval vessels to patrol and monitor the surrounding waters. In November 1999 the Philippines tried to occupy the shoal by grounding a naval vessel there, but under diplomatic pressure from China towed the vessel away later that month. Earlier that year, in May, the Philippines had used the pretext of a grounded naval vessel on the Second Thomas Shoal to station soldiers there in an attempt to gain de facto control over it.

In April 2012, twelve Chinese fishing boats working in the lagoon by the Scarborough Shoal had their path blocked and were detained by the Philippine naval frigate BRP Gregorio del Pilar (the Philippines' largest naval ship). On hearing what had happened, the No. 84 and No. 75 vessels of the China Marine Surveillance, which were on regular patrol nearby at the time, rushed to the scene and stopped the Philippine naval frigate from detaining the Chinese fishing vessels and fishermen. Following this incident, both countries replaced and increased the number of vessels they held in the area to defend their rights in this part of the sea, creating the conditions for the eventual standoff between the two countries. On 11 May 2012, several hundred Filipino protesters gathered in front of the Chinese Embassy in Manila to demand that Chinese ships be withdrawn from the Scarborough Shoal. On the same day, a number of Chinese people also protested outside the Philippines' Embassy in Beijing.

On 13 May, the Nanhai (South China Sea) Fishery Bureau under China's Ministry of Agriculture announced that the summer fishing off-season would begin in most parts of the South China Sea at 12 noon on 16 May and would last for two and a half months. The waters of the Scarborough Shoal fall within the controlled area where this regular seasonal ban on fishing takes effect. The Philippines did not recognize the Chinese fishing ban and instead imposed its own, which was to last from 16 May to 15 July. On 18 June, the Philippine ships

were evacuated from the Scarborough Shoal owing to a typhoon in the area; but a large number of Chinese ships remained in the waters adjacent to the shoal. On the same day, Hong Lei, a Chinese Foreign Ministry spokesman, stated that China would continue its administration of and guard over the waters around Huangyan Island (the Chinese name for the Scarborough Shoal). At this point, the standoff between the two sides over the shoal had come to a provisional conclusion, with China in de facto control. On 1 January 2013, this was recognized as a lasting outcome when the Department of Foreign Affairs of the Philippines acknowledged that China had come to effectively control the Scarborough Shoal and expressed the belief that Chinese ships would be a permanent presence there.

The standoff over the Scarborough Shoal between April and June 2012 was a key development in the South China Sea. The initial incident that triggered the confrontation was, to all intents and purposes, a chance occurrence, but it was also a clear demonstration of China’s more proactive approach to defending its sovereign rights in the South China Sea. If China had taken a less assertive approach in the same scenario (the Philippine military frigate detaining the Chinese fishing boats, and the Chinese patrol boats making their timely arrival at the scene), the outcome would have been different: the Chinese fishermen would have been protected, but without prompting a large-scale and long-lasting standoff at sea. The course the episode actually took arguably resulted from a number of misjudgements on the part of the Philippines: about China’s determination to defend its sovereign rights, about the adjustment of Chinese policy towards the South China Sea, and about what support would be forthcoming from the United States in such confrontations. These misjudgements led the Philippines to provoke a confrontation at sea with insufficient material capacity to compete with China in this area, getting itself into a standoff which it could neither win nor sustain, with the eventual result of China’s obtaining de facto control over the Scarborough Shoal.

The Scarborough Shoal standoff and its final outcome have had an important impact on subsequent confrontations and conflicts between China and the Philippines and Vietnam over other South China Sea islands and reefs. The capacity and resolve demonstrated by China during this incident have helped it to establish a certain level of deterrence, and have had a significant impact on the expectations of the Philippines and Vietnam with respect to the way it will behave, making them

---


more cautious about challenging Chinese territorial claims and maritime rights in the South China Sea. In this sense, the tense standoff over the Scarborough Shoal has actually helped to ease the intensity of conflicts between the countries concerned over disputes in the South China Sea.

There are two other questions worth exploring here. The first is why China has begun to adopt a more assertive approach to protecting its sovereign claims and interests in the South China Sea. There are several dimensions of this question to consider. First, China’s reactive and passive approach to defending its rights in this area had been a cause of great discontent among the Chinese public. If China had failed to adopt a firmer and more assertive approach fairly quickly on this occasion, such discontent would have rapidly mounted. It is worth noting that perceptions inside and outside China were in sharp contrast at this time. Whereas people within China believed that the behaviour of their government was still too weak in its approach to the South China Sea dispute, many observers outside the country took the view that China was already becoming more and more assertive. It was in this context that the PLA daily (jiefangjun bao), the official publication of the People’s Liberation Army, published an article that went out of its way to explain to a domestic audience that the Chinese government’s decision to send marine surveillance ships to patrol the areas in question rather than to retaliate by using warships was a manifestation of self-restraint, not of weakness.33 There was also an op-ed in the People’s Daily overseas edition on 8 May, as the confrontation was still going on, which stated that the Philippines should not regard China’s goodwill as weakness and that if China reached the point where it felt it could no longer tolerate the situation, there was no need for it to continue to do so.34 The main domestic pressure faced by the Chinese government was to keep a realistic balance between rising nationalist sentiment and practical capabilities for action in the South China Sea.35

Second, after many years of development, the number and quality of China’s marine surveillance ships have markedly improved. China’s awareness about law enforcement at sea has also been significantly strengthened. This leaves China both physically and psychologically better prepared for confrontation at sea. Take, for example, the two marine surveillance ships that were first on the scene where the Chinese fishing boats were being detained by the Philippine naval frigate. Ship No. 75, weighing in at 1,290 tonnes and with a range of 5,000 nautical miles, joined the ranks of the Nanhai Corps of China’s Marine Surveillance in October 2010; Ship No. 84 (1,500 tonnes), which joined the corps in May 2011, was a new style of vessel, one of the seven built during the second stage of a State Oceanic Administration project to build up China’s air and sea capacity for marine surveillance.

Third, developments in the South China Sea since 2009 have convinced more and more Chinese analysts and scholars that it has become increasingly unrealistic to expect making unilateral concessions to calm the situation or ease tensions in the South China Sea, and that such an approach might in fact lead only to greater damage to Chinese sovereign rights and national interests and trap China in an even more unfavourable position. Instead, they argue, China should show sufficient resolve to force the Philippines and Vietnam back to the path of negotiation.36 There is at the same time a clear understanding that in the short term it will not be possible to reach a fundamental solution to the disputes in the South China Sea. Chinese policy has to serve a dual purpose, that is, effectively defending China’s sovereign rights and interests while seeking to establish long-term stability in the region. China needs, therefore, to establish credible deterrence in order to forestall opportunistic action by other countries in the South China Sea.

The second question worth examining is whether China will repeat the approach it adopted in dealing with the Scarborough Shoal standoff by using its material power advantage to gain greater de facto control over other South China Sea reefs in dispute. Though it would be unwise to jump to conclusions prematurely, developments so far seem to indicate that China does not have any clear or strong intentions of doing so. The friction between China and the Philippines over the Second Thomas Shoal offers a valuable case-study through which to examine this question.

After March 2013, China stepped up its patrols around the Second Thomas Shoal, and during the first two weeks of May the struggle between China and the Philippines for control over the shoal escalated, with both sides sending a number of naval vessels to these waters. Three Philippine warships attempted to carry provisions and concrete to the Second Thomas Shoal to reinforce the Philippine ship that had long been stranded there, although in the end these plans were cancelled because Chinese naval vessels were on patrol nearby. On 27 May Abigail Valt, deputy presidential spokesperson of the Philippines, stated in a media interview that the Philippines would not respond to any form of provocative behaviour and would not take any action to exacerbate tensions.37 This policy stance on the part of the Philippines reflected the country’s calculations about the likely outcome of any future confrontation between the two sides, which had changed markedly since the beginning of the Scarborough Shoal standoff. This shows that China did establish a certain degree of deterrence through its approach to the Scarborough Shoal standoff.


On 19 June, with Chinese naval vessels present, the Philippines completed the rotation of its marines stationed at the Second Thomas Shoal and the delivery of logistical supplies. From this point, the tensions over the Second Thomas Shoal eased. Yet this new state of relative calm was inherently unstable, and there was a lack of clarity about who had what rights when it came to the Second Thomas Shoal. China and the Philippines asserted their presence in the area in different ways. The Philippines, as noted above, has had personnel stationed longterm in the tank landing ship stranded on the shoal, while China’s marine surveillance ships have regularly patrolled the area nearby. This state of affairs is not satisfactory to either side, and so each country has used various means in an attempt to strengthen its own position while weakening that of the other.

On 29 March 2014, the Philippines sent a civil fishing boat to the Second Thomas Shoal with replacement troops and supplies. The boat met with a vessel belonging to the Chinese coastguard in the waters nearby and a standoff lasting two hours ensued. Then the Philippine fishing boat took advantage of its shallow drift to enter the shoal, which the Chinese vessel was unable to enter, and was able to successfully complete the troop rotation and delivery of supplies. The Philippines had invited a number of western journalists to witness the move in order to put pressure on the Chinese coastguard. The next day, the Department of Foreign Affairs of the Philippines made a statement announcing that its government had submitted a memorandum to the Arbitral Tribunal that is hearing the case it brought against the PRC under the United Nations Convention on the Law of the Sea (UNCLOS) in January 2013.

If we compare China’s approach to this incident with its behaviour during the Scarborough Shoal standoff, we can see that China practised self-restraint in the Second Thomas Shoal episode. The most obvious difference is that although Chinese vessels continued to patrol the waters around the shoal, China tacitly acknowledged the Philippine presence on the shoal instead of striving for exclusive de facto control, as it had done over the Scarborough Shoal. This was in spite of the fact that China’s material capability would have allowed it to adopt stronger measures. For example, China did not choose to tow the grounded Philippine ship away, which would have been the most direct way of dealing with the issue.

At this point we may make the logical inference that China’s desire to gain exclusive de facto control over the Second Thomas Shoal is not strong enough to warrant more assertive action. There are several probable reasons for this. First, the South China Sea disputes are only one of many problems that China faces in the process of its rise; and, although these disputes do pose a serious question as to how China will protect its own national interests in the long term, they do not constitute a core issue. Relations between China and ASEAN have to be
taken into consideration, which means that China will not try to strengthen its control over islands and reefs in the South China Sea at any cost. Second, even if China were to adopt a strong approach and gain de facto control over the Second Thomas Shoal, this would afford only a very limited improvement in China’s overall strategic position in the South China Sea, and only at a potentially high cost in terms of a serious setback in relations between China and many south-east Asian countries. Had China adopted a more assertive approach to the Second Thomas Shoal dispute, it would have risked giving the impression to the outside world that it would keep moving from one reef to the next in an attempt to extend its control over the entire South China Sea. This would in turn generate widespread anxiety and a sense of hostility towards China among the countries of south-east Asia and even more broadly among other neighbouring countries. This kind of feeling is easy to arouse but hard to quell, and would be unfavourable for China’s rise. Third, the Chinese government clearly recognizes that the disputes over territories and rights in the South China Sea will take a long time to resolve definitively, and that there is no quick fix that can offer a fundamental solution. Gaining control over the Second Thomas Shoal would not necessarily be helpful with a view to a long-term solution, particularly as this could push the South China Sea disputes further down a path towards confrontation and thus reduce the chances of finding a solution through peaceful negotiation. This is not something that China wants to happen.

The pace with which China is gaining de facto control over islands and reefs in the South China Sea has slowed to a virtual halt since the Second Thomas Shoal dispute. But this does not in any way mean that China has softened its resolve on the issue of sovereignty. China has been pursuing relatively modest medium-term goals and is seeking to gain the initiative in the disputes, while managing any short-term conflicts effectively, as may be seen in the two cases analysed below.

The Haiyang Shiyou 981 oil rig and land reclamation in the South China Sea: aggressive China in action?

The Haiyang Shiyou 981 oil rig (HYSY-981) is China’s first domestically designed and built sixth-generation deep-water semi-submersible drilling platform. Its construction began on 28 April 2008 and was completed in May 2011. On 2 May 2014, the drilling platform was moved to the waters south of Triton Island (Zhongjian Dao) in the Paracel Islands (Xisha Qundao) to explore and drill for oil and gas. The operations of the platform were to be split into two phases, with the second beginning on 27 May 2014. The two areas designated for the opera-

40 Policy-makers and academics agree on the complexity and long-term nature of these maritime disputes. See Xu Yan, ‘Zhengque renshi nanhai zhengduan de changqixing fuzaxing’ [Correctly recognizing the complexity and long-term nature of the South China Sea disputes], Xuexi Shibao [Study times], 5 Dec. 2011 [Xu Yan is a professor at the National Defence University of China]; China Institute for Maritime Development Project Team, State Oceanic Administration of the PRC, Zhongguo Haiyang Fazhan Baogao (2015) [China’s ocean development report (2015)] (Beijing: China Ocean Press, 2015).

Understandings were around 17 nautical miles from Triton Island and the baseline of the territorial sea of the Paracels, and about 133 to 156 nautical miles from Vietnam’s continental shelf.

As Vietnam also claims sovereignty over the Paracel Islands (known as the Hoàng Sa Islands in Vietnamese) and the operations were to take place in the waters surrounding them, Vietnam sent a large number of boats, including armed vessels, to disrupt the drilling work, and rammed the Chinese public service vessels sent to escort and safeguard the platform. Vietnam also sent underwater agents to cause blockages and interfere with the drilling by dumping fishing nets and other debris. By 5 p.m. local time on 7 June 2014, at the peak of their activity, there were as many as 63 Vietnamese vessels at the scene, and the ships had broken into the precautionary area delimited by China and rammed Chinese public service vessels as many as 1,416 times.42 While this was going on, back in Vietnam large-scale anti-Chinese demonstrations were gaining momentum. In mid-May, thousands of Vietnamese nationals attacked, smashed, looted and set fire to Chinese and other foreign-owned enterprises in Vietnam, killing four Chinese nationals and injuring over 300, and causing significant financial loss for Chinese invested enterprises. By June, Sino-Vietnamese tensions had reached boiling point.

On 15 July, the HYSY-981 drilling platform ended its operations near the Paracel Islands and the maritime standoff between China and Vietnam gradually eased. Five days prior to this, on 10 July, the United States Senate had passed Resolution No. 412 on the territorial sovereignty dispute in the Asia–Pacific, calling on China to withdraw the drilling platform and associated maritime forces, and restore the status quo as it had existed before 1 May 2014.43 The coincidence between the timing of the resolution and the removal of the drilling platform, particularly given that its operations had lasted only 73 days instead of the planned 100 days before moving to another area, led some in the international media to conclude that the drilling platform had been withdrawn as a result of pressure from the United States.

However, this explanation does not seem to stand up when examined in the light of the facts. First, if China had wanted to, it could have continued drilling in the area for the whole 100 days as planned and moved the drilling platform on 11 August. This would have presented no problem for China in terms of its ability to deal with maritime confrontation, as is clearly evident from the fact that the drilling platform had already been operating for 73 days with constant Vietnamese attempts at obstruction and interference. Second, if we consider how China has behaved in similar circumstances on other occasions, it is clear that it would be unusual for it to succumb to US pressure, especially over so sensitive an issue as that of national sovereignty. In any case, the pressure on China actually created by the Senate resolution was limited. On 16 July, a spokesman from the

Chinese Ministry of Foreign Affairs stated that the operations of HYSY-981 were ‘entirely a matter that falls within the scope of China’s sovereignty. The change in location of the 981 Platform is related to the enterprise’s plans for its operations and has nothing to do with any external factors.’\(^\text{44}\) This was not merely diplomatic rhetoric. A few days before, on 11 July, at a seminar held by the Center for Strategic and International Studies in Washington, Michael Fuchs, Deputy Assistant Secretary of the US State Department’s Bureau of East Asian and Pacific Affairs, urged that all claimants in the South China Sea stop establishing new outposts, refrain from seizing features that another claimant has occupied, ‘freeze’ alterations that ‘fundamentally change the nature, size, or capabilities of the presence of the reefs’ and ‘refrain from unilateral enforcement measures against other claimants’ longstanding economic activities that have been taking place in disputed areas’.\(^\text{45}\) China paid no heed to these recommendations and, throughout the latter half of 2014, continued its large-scale land reclamation in the South China Sea.

Nevertheless, the removal of the HYSY-981 drilling platform ahead of schedule is significant. There are several possible reasons for the relocation. First, from the operational perspective, HYSY-981 had already successfully completed its drilling operations near Triton Island and was therefore free to begin work on other tasks at a different location. As Super Typhoon Rammasun was expected in the area, relocating at this time seems to have been a rational option. Second, political factors are sure to have played an important role—referring not to any pressure from the United States, but rather to China’s own strategic considerations. First, China’s South China Sea policy is implemented within the broader framework of its ASEAN policy. The Ministerial Conference of the ASEAN Regional Forum (ARF) was to be held on 10 August. Relocating the drilling platform before the ARF could help to ease regional tensions and create a more positive atmosphere for the meeting. Second, at this time Chinese regional diplomacy was undergoing a significant shift at the grand strategic level, with the focus turning to the development of the ‘one belt, one road’ initiative and preparations for the establishment of the AIIB. In May 2014 China had proposed the notion of the ‘new Asian security concept’, which was to be based on common, comprehensive, cooperative and sustainable security in Asia; and in November, Beijing was to host the Asia-Pacific Economic Cooperation (APEC) summit. Thus China had a number of major diplomatic activities to attend to during the latter half of 2014, and was unlikely to want any of them to be seriously affected by a disagreement over the HYSY-981 drilling platform. In this sense, the early relocation of the platform was of practical significance. Eventually, both the Philippines and Vietnam participated in the signing ceremony for the establishment of the AIIB in Beijing on 24 October, suggesting that China’s efforts had at least partially paid off. Third, the reaction in Vietnam to


886
Understanding China’s South China Sea policy

the HYSY-981 drilling platform’s operations near the Paracel Islands was beyond anything that China had anticipated. This was particularly true of the surge of Vietnamese nationalism, which even jeopardized the stability of the Vietnamese regime. As this was certainly not something the Chinese government wanted to see, the possibility may have also influenced Chinese policy.

At the same time as all this was going on, China was also putting significant effort into land reclamation activities to construct large artificial islands in the South China Sea. China’s first land reclamation initiative in this area had begun in February 1988, and it has for years been undertaking limited construction activities on all seven outcrops under its de facto control in the Spratly Islands. In the 1970s, Vietnam and the Philippines began land reclamation initiatives on the islands and reefs under their control. Since then, Vietnam has carried out large-scale land reclamation on over 20 islands and reefs, and has established fixed installations such as harbour basins, runways, missile bases, office buildings, barracks, hotels, lighthouses and so on. It has also built a number of stilt houses and helicopter flight decks on Vanguard Bank (Wan’an Tan), Prince Consort Bank (Xiwei Tan), Grainger Bank (Lizhun Tan) and Orleana Shoal (Aonan Ansha). The Philippines, meanwhile, has constructed and expanded an airport on Thitu Island, as well as constructing ports and other facilities.46

In response to the continuous expansion of such activities by Vietnam and the Philippines on the Spratly Islands, China has markedly stepped up its own land reclamation on the islands and reefs under its de facto control since 2014. Within the space of just a few months, the surface area of Hughes Reef (Dongmen Jiao) and Johnson Reef (Chigua Jiao) was expanded by tens or even hundreds of times, and more installations were built on the reclaimed land. Images taken on 1 February 2014 by the US satellite imaging company DigitalGlobe show Hughes Reef before the land reclamation with a concrete platform of 380 square metres. Further images taken on 24 January 2015 show an artificial island of 75,000 square metres and a huge installation under construction. China’s land reclamation activities on the Gaven Reef (Nanxun Jiao) began at some point after 20 March 2014. Images taken on 30 January 2015 show a causeway connecting this island with the original installation and a helipad under construction.47

Following a period of reclamation activity, Mischief Reef (Meiji Jiao), Subi Reef (Zhebi Jiao) and Fiery Cross Reef (Yongshu Jiao) have become the largest artificial islands among the Spratlys, with areas of 5.42 square kilometres (in June 2015), 3.95 square kilometres (June 2015) and 2.2 square kilometres (March 2015) respectively.48 All of them are larger than Itu Aba Island (Taiping Dao), originally the largest natural island among the Spratlys, which has an area of 0.443 square kilometres.


International Affairs 92: 4, 2016
Copyright © 2016 The Author(s). International Affairs © 2016 The Royal Institute of International Affairs.
In contrast with the confrontation between China and Vietnam over the operations of the HYSY-981 drilling platform and the friction between China and the Philippines over the Second Thomas Shoal, China’s land reclamation activities on the islands and reefs under its control have not triggered a maritime confrontation with the two other claimants concerned. Instead, the counter-measures of the other claimants have been mostly diplomatic, combined with attempts to attract the attention of the international community. Although China and the Philippines have been competing through diplomacy and international discourse over land reclamation in the South China Sea for over a year now, the struggle is apparently less intense than the standoffs between different vessels in the region.

Land reclamation in the South China Sea has been conducted by several countries, including the Philippines, Vietnam and China. From a longer-term perspective, unless something quite unexpected happens, the islands and reefs under China’s de facto control are likely to remain part of Chinese territory for the foreseeable future. Many in the international community tacitly recognize China’s right to undertake reclamation activities on these islands and reefs. The aspect that has caused most concern among other countries is the scale and speed of China’s land reclamation activities, as well as the capability that China has demonstrated in the process. In practical terms, China’s firm approach to moving forward quickly with these activities can actually help reduce tension and uncertainty. The speed with which China has acted, and the measures it has taken, are a demonstration of strong determination. Had it taken a slower, more gradual approach, the prolonged process of land reclamation could have afforded more opportunities to other claimants to take counter-measures, which in turn would have extended the duration of confrontation and resulted in greater uncertainty. Once started, China’s land reclamation activities do not offer much scope for making concessions.

Between April and May 2015, tensions between China and the United States over China’s land reclamation activities in the Spratly Islands grew, but then began to ease off again in June. On 16 June 2015, Lu Kang, a Foreign Ministry spokesman, relayed a message that the land reclamation project on which China was working on some islands and reefs in the Spratlys would soon be completed according to plan. This was a clear message from China to the international community that the land reclamation activities will be limited in scale and duration. The effect of this attempt by the Chinese government to ease tensions related to the Spratly Islands is yet to be seen.

Conclusion

On the whole, China’s strategic goal in dealing with the disputes in the South China Sea is a relatively modest one. China is not seeking to fundamentally change the status quo in the South China Sea. Instead, it is taking a long-term approach,

seeking to deal with issues in the region through the process of development. Although the disputes in the South China Sea have important practical implications, they are not matters of priority in the strategic framework of Chinese foreign policy. Not only are these disputes of minor significance in the context of grand strategic considerations such as China’s rise and the ‘one belt, one road’ initiative, their handling is also subject to other foreign policy considerations such as China’s overall relationship with ASEAN.

From the perspective of policy implementation, China’s approach to the South China Sea disputes has become in general firmer and more assertive since 2012. This trend is, however, tempered by self-restraint from time to time. As we have seen, when it has taken a more assertive approach, it is in instances where China has been defending its rights and interests rather than attempting to extend its control. In this sense, the Scarborough Shoal standoff was more the exception than the rule. In both the friction over the Second Thomas Shoal and the dispute over the HYSY-981 drilling platform, China demonstrated notable self-restraint in spite of its clear advantage in terms of both material power and capability. In other words, the action China has taken is far milder than that of which it is capable. When there is a crisis, it is very rare to see China making any kind of move to escalate it, let alone demonstrating any intention of steering things towards military conflict. Such a restrained approach is not without its critics in China. But restraint is predominantly the result of rational calculations and practical considerations. Ironically, the adoption of a more assertive approach by China over the South China Sea disputes is very much defensive in nature, with the key aim of preventing losses. There is a strong element of flexibility in China’s South China Sea policy. The Chinese government clearly does not want the situation to arrive at the point of deadlock.

It is unlikely that a fundamental solution can be found to the disputes in the South China Sea. China has already begun to establish basic deterrence with its improved material power and capability; however, it does not attempt to use this material power advantage in any way that could be viewed as too aggressive. At the same time, neither Vietnam nor the Philippines wishes to become entangled in high-intensity confrontation, as this would give China the opportunity to exert its material power advantage. In addition, as the development of the Twenty-first Century Maritime Silk Road gathers momentum, the AIIB comes into operation, the China–ASEAN Free Trade Zone is upgraded, and the focus of the regional agenda in south-east Asia shifts from traditional security issues to regional development issues, Vietnam and the Philippines do not want to miss important opportunities for economic development because of their confrontations with China. Although both the Philippines and Vietnam have disputes with China in the South China Sea, both countries actively supported, rather than opposed, the AIIB, which was first proposed by China and will have its headquarters in Beijing. Both countries attended the signing ceremony of the memorandum of understanding on establishing the AIIB on 24 Oct. 2014. See Xinhua, 24 Oct. 2014, http://news.xinhuanet.com/world/2014-10/24/c_111265880.htm, accessed 5 April 2015.

50 This context has created more favourable conditions for ensuring longer-term stability in the South China Sea on the basis of the situation as it currently...
Zhou Fangyin

stands. In the future, there are likely to be fewer confrontations between China and Vietnam and the Philippines in the South China Sea. The claimants will continue to adopt different and softer approaches to compete and contend with each other on sovereign and maritime rights, turning to international laws, courting international support, strengthening their ability to set the agenda in the South China Sea disputes, improving domestic legislation, and tightening administrative control over the islands and reefs already under their control.