

# Policy Forum 08-057: The South China Sea Hydra

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# The South China Sea Hydra

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The South China Sea Hydra

By Mark Valencia

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## I. Introduction

Mark Valencia, a Maritime Policy Analyst and a Nautilus Institute Senior Associate, writes, "The South China Sea situation deserves renewed attention by ASEAN and perhaps the ARF. Moving forward to an agreement on a legally binding Code of Conduct for the South China Sea has become urgent."

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## **II. Article by Mark Valencia**

- "The South China Sea Hydra"

By Mark Valencia

Like the many -headed mythical Hydra, when one South China Sea issue is supposedly solved more rise to take its place. As the ASEAN Regional Forum (ARF) convenes in Singapore it would do well to revisit this issue complex. In particular, China's behavior in the South China Sea has become more confrontational than co-operative and deserves renewed ASEAN attention.

When China signed on to the 2002 ASEAN Declaration on Conduct in the South China Sea, ASEAN policy makers breathed a sigh of relief at what they viewed as a major achievement. After all, the non-binding Declaration called on all parties to "exercise self-restraint in the conduct of activities that would complicate or escalate disputes". And when China and the Philippines entered into a joint marine seismic undertaking (JMSU) in a disputed area of the South China Sea-and allowed Vietnam to join as well -some policy makers and analysts were ecstatic. Their fondest dreams had been realized. China had been "tamed". It would be a benign co-operative neighbor and observe international norms of law and behavior. ASEAN attention soon turned to other more pressing matters-like terrorism, Myanmar, the ASEAN Charter and revitalizing the ARF.

However as energy prices soar and the search for petroleum becomes more desperate, the South China Sea disputes are resurfacing and the temporary co-operative arrangements are unraveling. ASEAN'S efforts to entangle China in a legally binding Code of Conduct for the South China Sea have come to naught. And China appears to have reverted to its preference for dealing with ASEAN members separately rather than as a whole, particularly regarding the South China Sea issues. The JMSU has not been renewed by the Philippines amid a raging domestic controversy over whether the arrangement is unconstitutional and was agreed in exchange for certain contracts from China.

Meanwhile, when the Philippine legislature considered a bill that would include the Spratly islands and Scarborough Shoal within Philippine baselines, China strongly objected and apparently tried to pressure the Philippine government to oppose the bill.. This is despite the fact that China has long claimed all the features and the waters within a "historic" U-shaped dashed line that has no basis in modern international law. Moreover, despite its agreement to exercise restraint, in December 2008 it established a new administrative unit--Shansha--to oversee the Paracel and Spratly archipelagoes.

Complicating matters, the United States entered the fray when US Defense Secretary Robert Gates diplomatically but pointedly warned China about bullying its neighbors over natural resources in disputed areas of the South China Sea. And the US government confirmed that it was concerned about a newly discovered submarine base on Hainan and its implications for supporting China's territorial claims in the area as well as threatening nearby sea lanes. Gates made clear that the Bush Administration's Asia policy is to maintain US military and economic strength in the region. When juxtaposed to Chinese Prime Minister Wen Jiabo's November 2007 proposal for stronger China - ASEAN military ties, this spells competition for the hearts and minds of ASEAN members. Clearly China's relationship with ASEAN is becoming increasingly delicate and complex and future China-ASEAN ties could be influenced by the China-US and China- Japan relationships.

Adding fuel to the fire, China has now warned US oil giant ExxonMobil Corporation to suspend its search for petroleum in a South China Sea block granted by Vietnam or face a loss of its business in

China. Vietnam's claim to the area which is on its continental shelf appears legitimate. The basis of China's claim to the area is unclear save for the U-shaped line. Last year a similar threat forced BP to abandon a US\$2 billion gas project with Vietnam for a nearby area.

It is not clear where this will all end. Perhaps this is a leaking but tolerable status quo-ripples that do not disturb fundamentals. Or maybe it is a harbinger of deeper stirrings in the ASEAN-China relationship. The South China Sea situation deserves renewed attention by ASEAN and perhaps the ARF. Moving forward to an agreement on a legally binding Code of Conduct for the South China Sea has become urgent.

### **III. Nautilus invites your responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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