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Transcript

The South China Sea: Disputes, Risks and Diplomacy

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Jonathan Marcus:

Good evening, ladies and gentlemen. Thank you very much for coming. We are going to be discussing the various dramas in the South China Sea.

To look at some of the regional and international questions raised by all of this, we have two speakers this evening. Lord Michael Williams of Baglan is a Distinguished Visiting Fellow here and Acting Head of the Asia Programme at Chatham House – an old colleague of mine from many years ago, a man who has pursued a number of distinguished positions both in the British government, advising foreign ministers, and with the United Nations. On my left, Christian Le Mière is Research Fellow for Naval Forces and Maritime Security at the other great foreign policy institute in London, the International Institute for Strategic Studies. So Michael, if you'd like to start...

Lord Williams:

It's a pleasure to speak to you tonight on this subject, particularly with Jonathan chairing. As he said, we were colleagues in Bush House in the old days, in the 1980s – halcyon days in the World Service. Curiously, this is a subject that I would write upon quite often then, but I believe that today – 20 or 30 years on – it's actually become a far more serious issue.

The title of this talk is 'The South China Sea: Disputes, Risks and Diplomacy'. I suspect, like most talks, there is a short and a long version. The short version would run something like this: the disputes are many and principally between the claimants to the Spratly Islands and to a lesser extent the Paracel Islands, which involves China and Taiwan but also four of the ASEAN countries: Vietnam, Brunei, the Philippines and Malaysia. The risks are very considerable, I believe, and increasing. This is an arena where there *have* been clashes in the past, principally between China and Vietnam, although more recently a standoff between the Philippines and China. It's also an area where, if you like, the two great powers – the United States and China – are increasingly active: China for the obvious reasons; the US, although it had never turned its back on Asia and the Pacific – far from it – has become or is trying to be more assertive through the pivot towards Asia. Finally, there is the diplomacy. That's the rub of the matter, because it seems to me there is not very much diplomacy.

If we go back to the disputes, these are very longstanding. They've been causes of friction between China and the four ASEAN countries that are claimants to the Spratly Islands, but particularly between China and Vietnam. In the dog days of the Vietnam War, the Chinese opportunistically took

advantage of that war to seize the Paracel Islands from the old South Vietnamese regime in 1974. China and Vietnam had a major war in 1979, triggered by Vietnam's toppling of the Khmer Rouge regime, but curiously there were no naval engagements in that war. But almost a decade later there was another sharp clash, in 1988, between the Chinese and the Vietnamese, resulting in as many as 70 deaths on the Vietnamese side.

But why are these issues becoming more vexed and bitter in recent times? I think there are several reasons. One is the economic factors. All the claimants believe that this area of the South China Sea, particularly around the Spratlys, is rich in oil and gas deposits. All are anxious to pursue oil and gas exploration. Another economic reason is the fact that the coastal waters of so many of these countries are becoming exhausted from fishing and fishing fleets are having to go out further to sea. This is particularly the case with regard to China, which has such a huge population to feed.

The disputes are also getting more bitter because of the tensions between China and the US that Jonathan mentioned at the beginning, and in particular because of what the US has termed a 'pivot' towards Asia and the Pacific. Amazingly – Jonathan referred to Subic Bay – there has even been some debate in the Philippines; the pendulum is moving back toward granting a new... some sort of base facility to the US. Whether or not the Americans would again have permanent facilities in the Philippines, it is the case that the Philippines together with another ASEAN member – Thailand – is a treaty ally of the United States. That has particular significance. Another ASEAN country, Singapore, also has very close defence ties with the United States.

Even before the US pivot towards Asia and the Pacific, US-China relations have been tense in recent years over many issues – economic; the bombing of the Chinese embassy in Belgrade back in 1998; and more recently the incident in Hainan with the US reconnaissance plane, in 2001 – the subject, by the way, of the first long telephone conversation between Tony Blair and George Bush, over how to handle that issue and bring about the repatriation of the US airmen detained for a while by the Chinese, and also the airplane. Chinese-US relations are difficult and will become more difficult in the coming period.

One very striking development was the failure of the ASEAN regional summit – the ASEAN foreign ministers meeting – in Phnom Penh, the Cambodian capital, in July this year. That meeting, unusually in the 45-year history of ASEAN, did not come out with a communiqué or any consensus at the end. Now, one thing that ASEAN is famous for more than any other regional

organization is an endless stream of communiqués. But there wasn't a communiqué, because they could not find agreement with reference to the disputes in the South China Sea, despite the fact that most members, including those who don't have claims – big countries like Indonesia – are sympathetic to the respective claimants. The absence of consensus was the result of a direct intrusion by China through the ASEAN country closest to China for the time being – namely, Cambodia. That wrecked a consensus and has made a common position now very difficult. The assertiveness of China, through Cambodia, at the Phnom Penh conference is quite a striking development and one that has been widely remarked upon in the region.

All of the ASEAN countries have substantial Chinese minorities and there is an element in these disputes of the anti-Chinese feelings that are often felt and demonstrated on the streets of various Southeast Asian capitals. Indonesia, for example, the largest country within ASEAN, does not have any territorial disputes with China but it is apprehensive about what it sees as Chinese assertiveness in the South China Sea and the fact that the southernmost point of the Chinese claim comes very close to Indonesian waters. Indonesia is a country that historically has had a very troubled relationship with China. They didn't have diplomatic relations, for example, for a quarter of a century, between 1965 and 1990, and as recently as 1998, with the downfall of President Suharto, there were very widespread anti-Chinese demonstrations in Indonesia.

I think this growing feeling and apprehension of China as a power, and locally and domestically anti-Chinese feelings against Chinese minorities in the region, are coming together in a somewhat unhealthy way. Even to some extent in a place like Singapore, for example, where there was widespread unease caused by a traffic accident – someone from China driving a top-range Ferrari who killed two or three Singaporean citizens. That led to an explosion of anti-Chinese sentiment on the internet and on blogs.

I'm sure Christian is going to refer to this, but one of the worrying things is the rearmament of many of the ASEAN countries, particularly with regard to submarines – by definition, an offensive vessel. There is a scramble among ASEAN countries to buy submarines from South Korea, France, Germany and Sweden.

Let me turn finally to the diplomacy, of which there is not very much. This has been hindered further by the crisis within ASEAN in developing a common position, following the Phnom Penh summit. It's not easy to see a diplomatic path going forward. Indonesia is thought of playing that role but Indonesia's

position is far more akin to and sympathetic to its fellow members of ASEAN. The International Crisis Group, in a recent paper on the region, suggested a troika of ASEAN ministers, but that also doesn't seem to me to be a formula that will work. It certainly would not be one that would be attractive to Beijing. Michael Wesley [formerly] of the Lowy Institute in Sydney has suggested that Australia could play a role in trying to broker a solution to what is becoming a more bitter dispute. But again, given Australia's close alliance relationship with the US, it is unlikely to be seen by Beijing as a neutral broker.

That doesn't leave many other possibilities. One that I would put forward is what is called in the Charter of the UN the 'good offices' of the secretary-general. This might be something that could be used; it has been in the past. The UN played a role, for example, during the time of [Javier] Pérez de Cuéllar's secretary-generalship, in assisting with the Soviet withdrawal from Afghanistan, way back in 1989. I think that ASEAN countries would be sympathetic to such a UN role but it would remain a tough sell with China. But as time goes on, I believe China will find it uncomfortable having difficult relationships with ASEAN countries, the Asian countries on its doorstep, and hopefully may look more benignly at diplomatic solutions.

Christian Le Mière:

I'll start by saying – and I'm sure Lord Williams feels this even more acutely than I do, given the longevity with which he's been looking at these issues – but over the last ten or more years that I've been writing about these very remote islands and maritime disputes, there's never been as much interest as there is now. Obviously this reflects the strategic issues, and it's very gratifying that suddenly people care about these issues that I've been looking at. It's also very harrowing, because I suddenly have a lot more work to do than I did before. So I've been thinking about this quite a lot recently.

Whereas Lord Williams concentrated on the diplomacy and the strategic importance of the islands, I'll look more at the military procurements, paramilitary developments and what that means for diplomacy as well in the South China Sea.

The first thing to say is that there is an unprecedented armament process going on in East Asia generally, and to some extent in Southeast Asia. There was a huge procurement of arms in Southeast Asia in the late 1980s/early 1990s which was curtailed by the Asian financial crisis in 1997. There was much talk then of a regional arms race in Southeast Asia and preparedness for and against this concept. Again, there is now talk of an arms race in East

Asia generally. I think that's largely because of the action/reaction dynamic we see in some procurements in the region. Lord Williams mentioned the submarines. Submarines are very useful vessels to have: they are necessarily clandestine; they add an element of surprise; they are huge sea denial capabilities and force multipliers that allow you to deny large areas of the sea just by having one submarine and the element of doubt. These are certainly being purchased because Vietnam can no longer compete with China's much more superior surface fleet in the South Sea fleet. So there is evidence of action/reaction dynamics and therefore this theory of an armed race.

But other procurements don't necessarily follow the same line or aren't necessarily related to China's rise. Malaysian submarines, for instance – they've bought two in recent years and had some problems with them given that they couldn't actually go underwater for a while. They have not necessarily been bought with China in mind – more likely Singapore, given their decades-old subregional rivalry. This will never be admitted to in public but it's probably the major motivation for Malaysian submarines.

Other countries, such as the Philippines, have also started to arm themselves from, frankly, a risible state that the navy was in; it has started to look at US-donated cutters. But this is a very complex, overlapping issue, so it is difficult to categorize it as a regional arms race per se.

There have, however, been a series of incidents that have often involved maritime paramilitary vessels that suggest a greater assertiveness from China and greater tension over this area generally. The term 'assertiveness' is one of great academic debate when related to China's activities recently. China would suggest it's not being assertive, it's merely being reactive to other provocations. I would have some sympathy with this statement. The maritime paramilitary incidents that involved the cutting of exploration wires, or survey vessels, towed array sonars, in Vietnam in 2011 is partially related to the fact that Vietnam and the Philippines have become a lot more forthcoming in their oil and gas exploration, and started to change the status quo to some extent. Having said that, whether you believe that China is assertive or not, it is certainly a lot more confident in the use of its paramilitaries and its diplomacy generally.

The use of these maritime paramilitaries is something I will call in a book I will publish next year 'coercive maritime diplomacy', or perhaps more sensationally, 'para-gunboat diplomacy'. The reason behind that is that it shares many of the characteristics of European imperial-era gunboat

diplomacy – that is, the use of coercive force to compel or deter your rivals – but it's doing it with unarmed vessels. So it's a very much latent form of force that is being utilized here.

The use of paramilitaries rather than gunboats themselves is useful, particularly for China, for three main reasons. One is that, given that they are unarmed, they necessarily demilitarize the situation and do not allow any possibility of escalation up the military ladder. If you have two warships out in a sea, on their own, out of contact with their political leaders back home, things can go very awry very quickly. But with maritime paramilitaries, that is less likely to happen.

Secondly, they're a very useful way for China to reinforce her claim of sovereignty. They act as a kind of *de facto* sovereignty claim in and of themselves, even though they have no reference to *de jure* sovereignty over these areas. The sending of a maritime paramilitary vessel is like sending a police car to a village in a disputed border area: by having the police car there, it demonstrates that you must have sovereignty over this area – why else would you police it? It doesn't have any legal basis but it's a very useful physical presence to retain.

Finally, particularly from China's point of view, using unarmed maritime paramilitaries avoids accusations of hypocrisy in its particular stance. If you remember in 2009, the USNS Impeccable, which is a US military surveillance vessel, was harassed and jostled by Chinese paramilitary, military and civilian vessels for undergoing research in China's EEZ (exclusive economic zone). For China to then send military vessels on questionably peaceful terms to other countries' EEZs would come easily under some kind of criticism from those countries. Unarmed maritime paramilitaries have no legal impediment to their deployment and it's very easy to cast them as being there for peaceful reasons rather than for any kind of aggressive reasons.

Having said that, there is a concern over the use of maritime paramilitaries, and that is that they may lower the barrier to violence or the use of violence. They are very easy to procure and maintain. They are quite cheap ships, in comparison to the very expensive vessels that are currently being built. They have a greater possibility of aggressive manoeuvring. Consider the Chinese trawler captain incident in 2010, when a Japanese coast guard vessel was rammed by the trawler itself and in reaction also engaged in fairly aggressive manoeuvres. For that to happen to a warship is unthinkable. No civilian vessel would attack the warship; no warship would attack the civilian vessel

through manoeuvres themselves. So it creates the greater probability of some kind of aggressive manoeuvres and therefore some kind of low-level violence.

Because of this, I think there is an ongoing likelihood of unarmed maritime paramilitary confrontations. These various reasons make it very appealing for the countries in the region to pursue these particular forms of coercive diplomacy.

But there is also the fact that the use of maritime paramilitaries suggests that no countries are actually looking for a conflict-based solution. It is true that often these activities are supported by the latent threat of military force. If we look at the East China Sea, on a slight tangent, the recent deployment of Chinese paramilitary vessels was supported by a military exercise, a live fire exercise, where they fired off 40 missiles in the East China Sea as a demonstration and a reminder that China's military force exists and could be utilized and called upon if necessary.

Nonetheless, conflict does seem very improbable in the region at the moment for a variety of reasons. One is the potential cost of the conflict, both in terms of blood and treasure. The other is I'm not sure what a military operation would look like in the South China Sea currently. Lord Williams mentioned 1974 and the taking of the Paracel Islands; 1988 was China's first entry into the Spratly Islands and its creation of fortifications there. But now for China to launch any kind of operation against the various claimants to the Spratly Islands would be increasingly complex. I'm not sure what they would gain out of it – they would have to take 30 to 40 installations in a very short period of time. They would then have to occupy those installations and reinforce them. And they would be dealing with four different entities at the same time. So I don't really know what an operation would look like from China's point of view. Finally, there is also the presence of the US and the pivot to Asia, which although very modest in the number of forces is very clearly directed towards China.

So I would argue – and this is in slight contrast to what Lord Williams has said – that the use of maritime paramilitaries is a tacit signal by China and other states that avenues of diplomacy are still open and we're not inevitably heading towards some kind of conflict between these various states, even while they arm themselves for the insurance policy of having the armaments. In another book I'm currently co-writing for the Institute – I said I was very busy – we look at the various possibilities of diplomacy around this. I won't spoil the ending by telling you all the issues now, because then you'll have to buy the book.

But there are various areas where there could be diplomatic progress through collaborative clarification of the claims in the South China Sea – these are still very unclear, particularly China's nine-dashed line, but no state is innocent here. Vietnam has not defined which islands are actually the Spratly Islands. The Philippines has its Kalayaan island group but again, it's unclear whether that's an EEZ claim or not. Clarifying whether these features are islands or rocks under maritime law would be very useful. Talking about collaborative maritime sovereignty or joint resource development would be a great way to develop this and there is some precedent there. There are avenues of diplomacy open. There has been a lot of backroom discussion over a possible code of conduct this year, which would be a legally binding instrument and build on the 2002 Declaration on the Conduct of Parties in the South China Sea, which is merely a political statement but one which did for some time certainly ease tensions. So the progress towards a code of conduct, no matter how weak or vague it might be, would further suggest that countries are looking for a peaceful way to, if not resolve, at least shelve these disputes for the time being.

That is a point of view that does not necessarily accord with the media representation of the South China Sea, and to some extent the East China Sea at the moment, but I think it's one that is likely to frame the diplomatic framework for the next few years at least.