

China, the USA and the South China Sea Conflicts

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This article focuses on China's strategy in dealing with the US factor in the South China Sea conflicts. While the USA is not directly involved in the South China Sea quagmire, its concern with the security of the sea-lanes and its insistence that peaceful means must be used to solve the region's problems have cautioned China to tread carefully in its plans to recover its 'lost territories'. China would like to see ASEAN and the individual ASEAN claimant states weaned off their reliance on Washington. However, US surveillance and military power, particularly in the post-11 September period, play an important role in ensuring that disputes in the South China Sea do not escalate to unacceptable levels. It seems likely that the impasse in the discussions on the South China Sea will continue for some time.

Introduction

IN MUCH OF THE LITERATURE on the South China Sea conflicts, a disproportionate amount of attention has been focused on the claimant states. This is especially true of China. Of course, as the largest claimant state and the only major power directly involved in the conflicts, China does indeed have considerable influence over the development and outcome of this potential flashpoint. Its principal concerns are 'nibbling' operations by other claimant states, which infringe upon its sovereignty, and their exploration and exploitation of resources at Beijing's expense. While these activities are no doubt a major factor that China will have to take into account in its drive to recover its 'lost territories' in the South China Sea, this article will argue that, as it advances its control over the South China Sea, China is equally, if not more, concerned with the actions and reactions of the USA, the sole superpower in the post-Cold War era. Consequently, China will be keeping a watchful eye on relationships between other claimants and the USA to see if they are trying to bring in the USA as a counter-balance to China's rising influence in the South China Sea – or, for that matter, in Southeast Asia and Asia-Pacific. The increased security and intelligence

exchanges and military cooperation that have taken place between the USA and some of the Southeast Asian states in the wake of 11 September will also be monitored closely by Beijing to see if such activities affect either its claims in the South China Sea or its security in Asia-Pacific.

For the claimants in ASEAN, China's 'creeping expansionism' in the South China Sea and its refusal to make any concessions with regard to the sovereignty issue are no doubt major concerns. However, this issue affects not only ASEAN and its claimants, but also the USA and others that have to use the sea-lanes in the South China Sea. Consequently, this article will analyse the US position on the South China Sea. It will be argued that US military deterrence and US interests – particularly with regard to maintaining the security of the sea-lanes and forward deployment of the US military in the Asia-Pacific region, including the South China Sea area – have made and will continue to make China extremely cautious about engaging in actions that might draw Washington into the South China Sea disputes.

China's Strategic Calculations

As a major power and a country with a long history, it is not surprising that China always thinks big and concerns itself in its strategic calculations first and foremost with major-power politics. Having gone through more than 100 years of humiliation at the hands of foreign powers, China is determined to restore itself to what it thinks is its rightful place in the international community. Thus, preservation of its territorial integrity and sovereignty are uppermost in the minds of leaders in Beijing. When China sizes up the security situation after the Cold War, it still believes that peace and development are the two major themes in the contemporary world, as noted by the late Deng Xiaoping in the 1980s (see, for example, Deng Xiaoping, 1994: 66–67, 110–112). The trend, according to Beijing, is one in which 'multi-polarity and economic globalization is gaining momentum, and the international security situation, in general, continues to tend toward relaxation' (Information Office of the State Council, 2000). However, this optimism on the part of China is punctuated by concern over other large powers. Thus, Beijing's view is also that 'relations among big powers are complicated, with many interwoven contradictions and frictions', although it still insists that 'cooperating with and checking and constraining each other remain a basic feature' of major-power relations. Nonetheless, China is still concerned about the 'hegemonism', 'neo-interventionism', 'neo-gunboat policy' and 'neo-economic colonialism' of other major powers. Although terms like 'certain big powers' or 'a certain country' are employed in such criticisms, it is obvious that China's major concern here is the USA. Indeed, despite symbolic improve-

ments in Sino-US relations in recent years, notably in summits, fundamental differences remain on issues like Taiwan, human rights, the role of military alliances, Theatre Missile Defence, arms control, religious freedom and democracy. To many Chinese, beneath a veneer of wanting to engage with Beijing, Washington always seems to be trying to contain or restrain a rising China. Whether China is a 'strategic partner' or a 'strategic competitor' makes little difference.

As always, the USA is seen to be seeking military dominance and superiority in Asia-Pacific and elsewhere. Notably, while supporting the US-led war on terror for its own reasons, China still criticized the USA for increasing its military presence across the world after the terrorist attacks of 11 September 2001 (*Straits Times*, 2002a). More importantly, the national security strategy announced by President Bush after 11 September made it abundantly clear that Washington intends to prevent the emergence of any future competitors and believes that it alone has the right to decide whether it needs to take pre-emptive action to protect its own security (see, for example, *Straits Times*, 2002c). It is not surprising that the Chinese continue to see the USA's 'hegemony', military presence and alliances with others as major stumbling blocks for China's attempts to maintain its sovereignty and territorial integrity. Indeed, China is always preoccupied with the US factor in its security calculations. It also believes that the USA is the source of security problems both in the Asia-Pacific region and elsewhere.

In the case of Asia-Pacific, the region of immediate concern to China, the greatest worry for Beijing is undoubtedly the situation in the Taiwan Strait. The Chinese make no attempt to hide their view that US actions, such as arms sales to Taiwan, 'have inflated the arrogance of the separatist forces in Taiwan' and 'seriously undermined China's sovereignty and security and imperiled the peace stability of the Asia-Pacific region' (see Information Office of the State Council, 2000). With regard to security in the South China Sea, China has not adopted an alarmist attitude, as it still believes that the situation there remains generally stable. However, this relatively sanguine assessment cannot conceal China's concern that things may not go its way. Thus, Beijing has stated that 'encroachments on China's sovereignty and interests in the South China Sea are not infrequent, and *some extra-regional countries* are attempting to interfere in this issue' (*ibid.*; emphasis added). It is clear that China's concern is not only the claims of other disputants, but also moves made by extraregional powers that may block Beijing's plan to recover what it sees as belonging to China. While the powers referred to are not specified, it is not difficult to see that the most 'meddlesome' extra-regional power in the South China Sea, as far as China is concerned, is the USA. As the sole superpower in the post-Cold War era, the USA has the military capability to make its presence felt in major security areas. Specifically, its Seventh Fleet plies the waters of the South China Sea, and

surveillance of activities in the area should not prove difficult for the USA. Its presence in Southeast Asia – and, for that matter, in Asia-Pacific – is also welcomed by most other states.¹ In fact, the events of 11 September have led to increased military and intelligence cooperation between the USA and the countries of Asia-Pacific, including Southeast Asia, as noted earlier.

Under these circumstances, how does China deal with the possibility of interventions by the USA in the South China Sea issue? From all indications, it is clear that China does not want to do anything that would provoke Washington and invite US military action. Nor does it want to give the USA an excuse to interfere in the territorial disputes, especially militarily. Thus, to play safe, China has been adopting an incremental and low-risk approach in expanding its claims in the South China Sea. As the use of force can be very provocative, China has to disguise its military missions, at least initially, and time them so that they do not provoke the USA, among others, into taking military action against China in the South China Sea. A study of major Chinese military manoeuvres in the Paracels and Spratlys reveals that the Chinese have been successful in achieving their objectives. Thus, the battle against the South Vietnamese during the takeover of the Paracels in 1974 was fairly safe for China, since it was unlikely that the USA would intervene. At a time when the USA wanted some degree of Chinese cooperation over its disengagement from Vietnam, it was unlikely that the USA would come to the defence of the Saigon regime in the Paracels. In fact, China's concern at that time was not so much the USA but the Soviet Union, especially when Hanoi began to assert its claims on the South China Sea and tilted towards Moscow after the fall of Saigon to the communists (see Lee Lai To, 1977). As for the use of force by China to establish its presence in the Spratlys in 1988, the USA barely reacted. And Moscow gave Hanoi little support since Gorbachev at the time wanted to normalize relations with China and pay more attention to domestic affairs (see Ang Cheng Guan, 2000). Thus, intervention by extra-regional powers was again avoided. Finally, during the Mischief Reef incidents of 1995 and late 1998, China had mainly to deal with a US ally, the Philippines. On these occasions, the Chinese constructions on Mischief Reef were not serious enough to evoke a US military response. It should, however, be added that the developments around Mischief Reef generated so much concern in Washington that the State Department thought that it would be necessary to make its stand on the South China Sea known, as analysed below. However, the fact of the matter is that, in spite of the uneasiness of ASEAN and the outcries in the Philippines, no extraregional powers, not even the USA, considered the incidents important or serious enough for them to intervene. China's estimate that the USA and others would do little about its move, in spite of the outcries against Beijing, was correct, and China was successful in establishing another foothold in the Spratlys.

¹ For an analysis of the reception of the US military in Asia-Pacific, see Lee Lai To (1993).

Another method of minimizing US influence or the risk of US intervention with regard to the South China Sea issue is China's well-known stand that the region's conflicts must be resolved bilaterally with other claimants. China has been most vehement in insisting that the issue should not be internationalized. This has been especially true for jurisdictional and territorial questions. China, as the larger party, would obviously benefit most from bilateral talks with other claimants. These would also give China a chance to deal with the other claimants one at a time, thus avoiding the possibility of its being outnumbered by other smaller claimants in a multilateral forum. More importantly, perhaps, such an approach would not allow outsiders, whether the USA or other extraregional powers, any opportunity to influence the discussions. In addition, as a rule, it is easier for bilateral discussions to produce results, at least when compared with multilateral discussions. Nonetheless, owing to the initiatives of ASEAN and the claimant states that are ASEAN members, and – perhaps more importantly – the fact that some of the issues in the South China Sea are not bilateral but multilateral in nature, China has, probably reluctantly, agreed to discuss the South China Sea issue with that regional grouping and the South China Sea states. Of course, as noted by the author elsewhere, by talking to ASEAN and the South China Sea states, China could be seen to be adopting a limited multilateral approach (Lee Lai To, 1999a: 139–140). However, one could also argue that by treating ASEAN as a regional body, China has not moved away from its principle of emphasizing the bilateral approach, as it often talks about having bilateral relations with ASEAN. Thus, while maintaining its stand on bilateral discussions, Beijing might achieve a degree of flexibility in implementing this strategy when dealing with ASEAN, a regional grouping that China seems to be more confident and comfortable working with. Nevertheless, while not completely ruling out multilateral talks and cooperation with ASEAN, China has been most adamant in its insistence that the South China Sea issue should not be discussed in multilateral forums where other non-claimants, such as the USA and other extraregional powers, are present. Thus, China would like to exclude the Spratly issue as an agenda item in the ASEAN Regional Forum (ARF), the major forum for the discussion of security issues for Asia-Pacific states. Knowing very well that ASEAN, at least in the cases of the Philippines and Vietnam, would like to internationalize or formalize the discussions on the South China Sea, and fully aware that the USA has expressed concern about a possible use of force to resolve the South China Sea disputes, China can see that this would invite outside interference, particularly by the USA, in what it considers to be an issue to be resolved by the claimants only. However, as it became much more difficult for China to prevent others from discussing the South China Sea issue in the ARF, especially after the Mischief Reef incident of 1995, Beijing was shrewd enough to announce that China was ready to work with others to settle the dispute

through peaceful means according to international law and legal regimes defined in the UN Convention on the Law of the Sea (UNCLOS). It also declared that Beijing attached great importance to the safety and freedom of navigation through the international sea-lanes in the South China Sea. It was quite obvious that this declaration was meant to allay the fears of the major users of these sea-lanes, such as the USA and Japan. The hope was that by addressing the major concerns of these non-claimants, China could keep the USA and others from interfering too much in the deliberations among the South China Sea states. As it became obvious that the ARF would discuss the South China Sea issue, China accepted the inevitable and mapped out a strategy for taking up this challenge. Notably, China began to make use of regional forums to size up the positions of other participants, to make known its views on various aspects of the issues and to see what could be done to mobilize greater support for its own positions.

In many ways, the eventual inclusion of the South China Sea issue in ARF discussions, as insisted upon by the USA and others, has taken some heat off China in that forum. After all, the ARF deals with many other issues and problems. While China has reluctantly accepted the fact that the ARF and some other multilateral security forums will discuss peace and stability in the South China Sea in general, it has consistently pointed out that, when it comes to problems concerning territory and sovereignty, 'only China and the countries starting the controversies should and can be allowed to solve their disputes through bilateral negotiations' (Lee Lai To, 1999b: 176). Obviously, China has no desire to talk about sovereignty issues in a multilateral forum like the ARF in the presence of non-claimants like the USA. China is always on its guard against outside interference and possible internationalization of the South China Sea issue. It thus insists that discussions on the question of sovereignty issue are different from discussions on general principles related to peace and stability in the South China Sea.

Finally, China will ultimately have to deal with ASEAN. After all, the crux of the matter lies with China's differences with some of the ASEAN states. While it is not the focus of this article to deal with Sino-ASEAN relations, suffice it to note that China is probably quite comfortable in dealing with ASEAN, which has maintained a policy of engaging China since 1991 (for details, see Lee Lai To, 2001). Although ASEAN does not really figure highly in terms of China's national defence policy when compared with other major powers, particularly the USA and Japan, it is still an adjacent regional body that must be taken into account in China's security calculations. After all, developments in surrounding regions, like Southeast Asia, may affect domestic development and stability in China. When China begins to see some utility in participating in multilateral dialogues, consultations and negotiations to safeguard peace and stability in the Asia-Pacific region, it may find both ASEAN itself and various ASEAN forums like the ARF, the

Post-Ministerial Conference and the ASEAN Plus Three Summit useful. In fact, Beijing has been supporting ASEAN as the driving force of the ARF process. Even with ASEAN's loss of lustre after the Asian financial crisis and the fact that an expanded ASEAN still has to put its own house in order, China's desire to work with ASEAN seems unabated. China may find it useful to work with ASEAN to get more support for its own cause in the light of its problems with the USA and its reservations about Japan in Northeast Asia. As far as the USA is concerned, China would like to wean ASEAN off its reliance on Washington. In this regard, the close security cooperation between the USA and some of the ASEAN states, notably the Philippines, Thailand and Singapore, is of some concern to China. As far as the South China Sea is concerned, Beijing is most uncomfortable with the Philippines. Not only does Manila want to internationalize the issue, it would also like to bring the USA into the Spratly dispute. Although the USA does not want to get involved in this dispute and does not feel obligated to come to the rescue of the Philippines in its territorial conflict over the Spratlys, there are some indications that US-Philippine security cooperation might be increased. After all, the US security alliance with Manila is among the oldest in the Pacific. And, in 1999, the Visiting Forces Agreement (VFA) between the Philippines and the USA entered into force, making it possible for Washington to resume normal US-Philippine military-to-military contacts, such as warship visits and joint military exercises. In fact, the two countries held their first large-scale joint exercise since 1993 in February 2000, involving more than 2,500 US military personnel (ASEAN Regional Forum, 2000: 11). In the wake of 11 September 2001, the USA and the Philippines have begun to hold joint operations against the Al-Qaeda-linked Abu Sayyaf. It is likely that cooperation between the US and the Philippines in combating terrorism will be increased not only because of Abu Sayyaf but also on account of terrorist acts in urban areas in the Philippines. As the Philippine military is in urgent need of modernization, Washington has agreed to ascertain Manila's defence requirements so that it could work out a cost-effective acquisition and training programme for the Philippines. This will definitely assist in the modernization of Manila's armed forces, allowing its military to be better equipped to defend, among other things, its sovereignty claims in the Spratlys.

Receptivity to the USA's military presence and assistance in the ASEAN region is undoubtedly of concern to the Chinese. Thus, in terms of its southward advancement in the South China Sea, Beijing will have to watch out for US military activities that partly have been made possible by some of the Southeast Asian states in these waters and nearby areas. It should be noted that China probably feels quite comfortable working with ASEAN in forums like the Asia-Europe Meetings or ASEAN Plus Three meetings, where the USA is not present. While it is difficult to expect ASEAN to forgo its US ties

in the near future, China still considers it important to cultivate the support of ASEAN in order to dilute the latter's dependence on the USA. Thus, gestures like its refusal to devalue the Renminbi after the Asian financial crisis and, more importantly, the proposal by Premier Zhu Rongji in 2001 to establish a China-ASEAN Free Trade Area are meant to allay ASEAN's worries about a rising China and to cement closer economic and political cooperation between China and ASEAN. As far as the South China Sea is concerned, China and ASEAN have agreed 'not to allow existing differences to hamper the development of friendly relations and cooperation' (BBC, 1997). As always, China's hope is that the issues will be settled through a gradualist approach within a general framework of shelving the disputes and entering into joint developments with the claimants. As a result, it has agreed to work with ASEAN on a regional code of conduct for the South China Sea. In addition, some progress has also been made bilaterally in discussions with Vietnam, at least in terms of demarcating the land boundary and the Gulf of Tonkin. While progress in resolving the South China Sea disputes is slow, it seems that ASEAN and China do not want to inflate the issue out of proportion. Both would like to concentrate on the big picture of working on areas where each side can cooperate, notably over economic issues. The fact is that Sino-ASEAN relations are much better now than previously (for details, see Lee Lai To, 2001). Consequently, China hopes that ASEAN will be more inclined to see that there is no need to bring in the USA to settle issues among Asian claimants and that the Spratly question could be settled amicably without the need for external interference.²

US Security Calculations

In terms of Asia-Pacific security, the South China Sea does not seem to occupy a significant place in the USA's strategic framework. Unlike China, which is basically a regional power with limited global influence, the USA is a global power, the sole superpower in the post-Cold War era, with worldwide security concerns. The seriousness of the so-called flashpoint in the South China Sea certainly pales when compared to some other international conflicts. A study of reports submitted by the US Department of Defense to Congress about US policy towards East Asia prior to 1995 also shows that the South China Sea and Spratly issues were at best briefly mentioned, and at worst hardly mentioned at all (Ang Cheng Guan, 2000). However, a careful study of the US administration under Ronald Reagan and George Bush Senior shows that some US officials had already touched upon the issue and

² This was suggested by Foreign Minister Qian Qichen in 1995 during his consultations with ASEAN foreign ministers; see ASEAN Secretariat (1995: 66).

the rudimentary principles that Washington would follow in handling the various disputes. Thus, under the Reagan administration, it was made known by US officials that the USA took no position on the merits of the competing claims, that the USA would support the peaceful solution of the disputes and that the USA would oppose the threat or use of force in settling the differences. The Bush administration added two more principles, namely, that it would give its support to the workshop hosted by Indonesia to manage the potential conflicts and that the USA supported the 1992 ASEAN Declaration on the South China Sea (Song Yann-huei, 2000: 132–138).

However, as tension began to build up over the actions and counteractions of China and Vietnam in 1994, especially after the discovery of Chinese-built structures in Mischief Reef in 1995, culminating in actions and bitter criticism of the Chinese by the Philippines, US concern over the South China Sea seemed to increase. Notably, the Department of State issued a fairly comprehensive document on how the USA looked at the South China Sea conflicts in May 1995. In four paragraphs, the USA reiterated the following:

1. It strongly opposed the use or threat of force to resolve the competing claims.
2. It called upon claimants to intensify diplomatic efforts to address the issues involved.
3. It declared its willingness to assist in any way deemed helpful.
4. It welcomed and supported the 1992 ASEAN Declaration of the South China Sea.
5. It emphasized that ‘unhindered navigation by all ships and aircraft in the South China Sea is essential for the peace and prosperity of the entire Asia-Pacific region, including the United States’.
6. It took no position on the legal merits of the claims. However, it would view ‘with serious concern any maritime claims, or restriction on maritime activity, in the South China Sea that was not consistent with international law, including the 1982 United Nations Convention on the Law of the Sea’ (Cossa, 1988).

The major points of this statement look familiar and had by and large been previously stated by US officials. They are actually the fundamental principles that guide Washington in its dealings with the South China Sea issue. However, it is useful to note that the statement underscored the importance of the security of the sea-lanes for the USA. More importantly, the statement highlighted that while the USA took no position on the legal merits of the claims, it emphasized the importance of resolving the disputes by peaceful means. In a way, this is similar to its stand in the Taiwan Strait, where it would like to see a peaceful settlement of the Taiwan question by the Chinese themselves. The major difference is that while there is a Taiwan Relations Act to come to the rescue of Taipei, there is no similar act that will

help the South China Sea claimants against China. However, by stating that the USA would not condone the use of force and emphasizing freedom of navigation, the USA has shown that it is not a disinterested party in the South China Sea issue. In fact, US Assistant Secretary of Defense for International Security Joseph Nye went so far as to state that if conflict occurred in the Spratlys, the USA would be prepared to provide escorts and ensure that free navigation continued (*Far Eastern Economic Review*, 1995: 22). Consequently, US military deterrence may forestall any moves by China – or, for that matter, by other claimants – to take action, military or otherwise, that might jeopardize the security of the sea-lanes in the South China Sea. In addition, the USA's military presence in the South China Sea is emphasized by intermittent joint defence exercises in the area between the USA and some of the ASEAN states and by the USA's continued forward military presence in Asia. US military surveillance of activities in the region may also increase the chances that the USA will use nearby waters like the South China Sea to monitor China's coastal regions. The air collision over the South China Sea and subsequent detention of US personnel in April 2001 highlights US military surveillance activities in the region. While the priority and focus of the USA's attention is the Taiwan issue, the spillover effect of tensions in the Taiwan Strait may well lead to an increase in US military exercises in the nearby South China Sea, where the US Navy has relative freedom to conduct such activities. Thus, an unusually large exercise was carried out in the South China Sea by two US aircraft battle-groups in August 2001. Such a US military presence in the South China Sea may help to deter China from taking provocative moves not only in the Taiwan Strait but also in the Spratlys. After the 11 September attacks on New York and Washington and the subsequent war against the Taliban government in Afghanistan, the USA is keen to increase security, military and intelligence cooperation with the ASEAN region, especially in the light of the possibility that Al-Qaeda, with the fall of the Taliban government, may move parts of its operation to ASEAN given the existence of Islamic extremists in the region. The USA was certainly pleased when ASEAN, in spite of the differences among its member-states and the domestic sensitivities in dealing with terrorism, came out publicly in support of the US campaign against terrorism, notably in the United States of America–ASEAN Joint Declaration for Cooperation to Combat International Terrorism in August 2002.³ The Bali bomb blasts of 12 October 2002 will probably further such cooperation not only at the regional but also at the bilateral level. It should be highlighted that, as a sea-based power in Asia-Pacific, the USA will be even more concerned with the security of sea-lanes and freedom of navigation in the wake of 11 September, including the sea-lanes in the South China Sea and nearby waters, particularly the Straits of

³ See, for example, *Straits Times* (2002b); see also Lee Lai To (2002).

Malacca. As a result, Washington will pay extra attention to the safety and security of its ships plying the waters in the South China Sea with the cooperation of the states nearby. It will not be surprising if the USA and ASEAN states cooperating with the USA on terrorism seek to gain a clearer picture of movements in the South China Sea. Again, this may help deter China or other claimants from engaging in provocative actions that might create tension and jeopardize peace and stability in these waters.

Since the USA advocates the use of diplomacy and peaceful means for addressing the South China Sea issue, it would like to support regional security dialogues among the Asia-Pacific states, particularly claimant states. The most pertinent forums for such dialogues are, at the Track One level, the Sino-ASEAN Senior Officials' Meeting and, at the Track Two level, the Indonesian Workshop on Managing Potential Conflicts in the South China Sea. While the USA expresses its support for both, it is a party to neither of these discussions. Consequently, the USA has been actively advocating the ARF as an appropriate forum for discussing the South China Sea issue. In fact, Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord argued at the beginning of the ARF process in 1995 that the multilateral forum had to address the Spratly dispute if it were to be a credible security dialogue, obviously to the chagrin of the Chinese (*Straits Times*, 1995). Subsequent ARF meetings witnessed more vocal US interest in discussing the dispute. Thus, with the disclosure of the continuous expansion of Chinese structures on Mischief Reef in late 1998 and increasing unilateral and aggressive actions by other claimants in the Spratlys, US Secretary of State Madeleine Albright stated in the ARF in 1999 that 'the United States is increasingly concerned about rising tensions in the South China Sea', declaring that the USA could not simply sit on the sidelines and watch these disputes. Consequently, she emphasized that members of the ARF must ask themselves whether they were doing all they could 'to find diplomatic approaches, identify confidence-building measures, and take other concrete steps to stabilize the situation and make a peaceful resolution in the area more likely' (US Department of State, 1999). Likewise, in its contribution to the first volume of the *ARF Annual Security Outlook* presented to the seventh ARF in 2000, the USA reiterated that Washington 'has been increasingly concerned about the potential for conflict in the South China Sea stemming from tension created by the competing claims and unilateral actions on the part of various claimants' (ASEAN Regional Forum, 2000). The USA's increased concern about the South China Sea is reflected not only in Track One, but also in Track Two forums. Thus, the Hawaii-based Pacific Forum CSIS has been collaborating with the Institute for Strategic and Development Studies at the University of the Philippines to organize conferences on the South China Sea. The US participants in the Council for Security Cooperation in the Asia Pacific (CSCAP) would also like to have a forum on the South China

Sea. With the possible fizzling-out of the Indonesian workshop on the South China Sea, these other Track Two meetings with US participation will probably play a more active role in examining the South China Sea conflicts. However, how all this increased concern with peace and stability in the South China Sea will translate into concrete steps taken by the USA to find confidence-building measures and solutions for the disputes remains to be seen. In the light of China's objection to discussing territorial disputes in multilateral forums like the ARF, it also remains to be seen how all the deliberations on confidence-building measures, preventive diplomacy, enhancing the role of the ARF chairman, establishing a register of experts/ eminent persons and other ideas that have the active support of the USA and other participants will help or affect territorial disputes and security in the South China Sea.⁴

Concluding Observations

Amid regional security uncertainties following the end of the Cold War and the Asian financial crisis, it remains a truism that major powers, particularly China and the USA, play a decisive role in shaping security developments in Asia-Pacific. As a result, Sino-US relations will be key in maintaining peace in Asia-Pacific. Despite the bilateral problems between Washington and Beijing noted above, it is hoped that Sino-US tensions will not prove so unmanageable as to disrupt peace and stability in the region. As far as the South China Sea issue is concerned, it seems that both sides are not really heading for a confrontation, at least for the time being. After all, neither regards the issue as a top priority in its security agenda. In addition, China has been rather discreet in camouflaging its expansive moves. Following a policy of 'cautious opportunism', and taking basically a gradualist approach, China has been successful in consolidating its control of the Paracels and establishing a foothold in the Spratlys. So far, Beijing has shown tact in not taking actions that might provoke a military response from Washington. However, with a more confident China, and especially with the modernization of the Chinese military, it remains to be seen whether China will act in a more aggressive fashion to claim back what it considers to be its 'lost territories'. It should be noted that, from Beijing's perspective, time is not on China's side, as other disputants may consolidate and even expand their encroachments on Chinese sovereignty. Nonetheless, China is willing to talk about the issues bilaterally with individual ASEAN disputants. It is also

⁴ See, for example, 'Chairman's Statement: Eighth Meeting of the ASEAN Regional Forum', Hanoi, 25 July 2001; available at <http://www.state.gov/t/pm/rls/othr/rd/2001/6504.htm> (20 November 2002).

quite comfortable in dealing with ASEAN, as neither side wishes to strain their relations as a consequence of the South China Sea issue. China can also see that ASEAN does not always display a united front over the South China Sea issue. In fact, the ASEAN states argue among themselves and have their own share of territorial disputes. They also have different views on the bilateral and multilateral approaches and different ways of dealing with China, allowing China to exploit their differences and insist on dealing with the issues bilaterally.⁵ With ASEAN weakened by the Asian financial crisis and the subsequent political and economic problems in the Southeast Asian region, and with China continuing to exhibit respectable levels of economic growth, Beijing is definitely in a stronger position to impress on ASEAN and its members how it could help and the role it could play in Southeast Asia or the Asia-Pacific region. Consequently, China hopes that ASEAN will be more inclined to accept China as a partner, thus reducing its desire to draw in the USA too often, whether in regard to the South China Sea issue or other problems. Beijing's 2001 proposal to set up the China-ASEAN Free Trade Area, as mentioned above, is but one such gesture to allay the fears of ASEAN and promote cooperation with an area that poses no threat to China.

According to the analysis in this article, the USA has no wish to take a position on the merits of the competing claims. Nor does it want to be a mediator. However, US non-interference in the territorial disputes is based on the premises that the disputes will be dealt with peacefully and the security of the sea-lanes will be safeguarded. It seems as though China has taken heed of this. China has successfully implemented a strategy referred to as 'creeping assertiveness' without encountering any US military resistance (Storey, 1995). By and large, China has been able to make its presence felt in the Mischief Reef area without much use of force. Furthermore, skirmishes in the Spratly islets do not necessarily affect the security of most of the major sea-lanes (see, for example, Dzurek 1995). Thus, US military deterrence, be this 'active neutrality' or 'active concern', is not really effective at stopping further discreet and incremental advances in the Spratlys (Song Yann-huei, 2001). Nonetheless, the USA's military presence and its joint exercises with some of the ASEAN states will make China cautious about making moves that might draw Washington into the game. This is especially true now that the USA is actively wooing ASEAN to its cause against terrorism following the events of 11 September 2001. President Bush's proposal in late 2002 to launch the Enterprise for ASEAN Initiative to create a network of bilateral Free Trade Areas with ASEAN members, together with Japan's proposal to set up an action plan for a comprehensive economic-cooperation agreement with ASEAN signal that Washington and its chief ally in Asia, Tokyo, will

⁵ For an analysis of building an ASEAN consensus on how to address the South China Sea issue, see Lee Lai To (1995).

compete with Beijing to court ASEAN's cooperation. Certainly, it would be unwise of Beijing to derail its strategy of promoting Sino-ASEAN relations because of the South China Sea issue. In any case, with increased US attention on the security of the sea-lanes in the South China Sea in the wake of 11 September, there will be fewer opportunities for China – or other claimants – to alter the status quo too much. In many ways, US surveillance and military power is the last resort for ensuring that disputes in the South China Sea issue do not escalate to unacceptable levels. China and the other claimants in the region will have to accept that the current impasse in the discussions on the territorial disputes will continue and the South China Sea issue will drag on for quite some time.

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