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INTRODUCTION

Overlapping territorial claims in the South China Sea (SCS) has been raging for decades. In the past, there have been a few incidents that are caused by this territorial dispute. The Battle of the Paracel Islands in 1974 and the Johnson South Reef Skirmish in 1988, both are between Vietnam and the People’s Republic of China (China) was the examples among many other incidents.\(^1\) Despite these incidents, the tension level of the conflict was remaining relatively manageable. The tension started to climb in the wake of the joint submission of the claims for extended continental shelf (ECS) in the southern part of the SCS by Malaysia and Vietnam to the Commission on the Limits of the Continental Shelf (CLCS) on 6 May 2009.\(^2\) The submission was opposed by China and the Philippines as their claims were overlapping. In its Note Verbale to the United Nations (UN), China clearly rejected the claim by stating “China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereignty rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof.”\(^3\) The Note Verbale was accompanied by a map that formally introduced the so-called nine-dash line. The ambiguity of the dotted line and its maritime right claims has since provoked objections from countries, claimant and non-claimant to the SCS dispute, including


the United States (US). China’s assertiveness in upholding its claims has further exacerbated the situation and has made the SCS as one the planet’s most vulnerable flashpoints.

The purpose of this paper is to examine the territorial claims and maritime rights dispute in the SCS in order to answer two essential research questions. First, what are the effects of the dispute to the regional and global stability and security environment? Second, how will these issues shape the foreign and defense policy of the stakeholder nations? This paper argues that the dispute in the South China Sea is greatly affecting foreign and defense policy of the stakeholder nations. Accordingly, this paper is divided into three sections. The first part reviews the fundamental of the SCS by outlining the competing major interests of the stakeholders within the SCS. The next section discusses the foreign policy of the stakeholders and reveals how the SCS issues have affected the policy. China’s and the United States’ (US) foreign policy are the major points in this section. In addition, the section will also review the foreign policy of the other stakeholders such as Vietnam, the Philippines, Japan, India and Australia. Finally, the last part of the paper analyzes the stakeholder nations stand from the defense policy point of view. Similarly, China’s and the US’s defense policy will form the majority of the discussion without neglecting the other stakeholders’ defense policy.

THE FUNDAMENTAL OF THE SOUTH CHINA SEA

In order to comprehensively analyze the foreign and defense policy toward the SCS, one needs to identify and understand the importance of the SCS. This paper believes that there are four major interests within the SCS. They are hydrocarbon and

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natural gas, fish stocks, sea lines of communication (SLOC), and national identity and territorial integrity.

Natural resources have always been primary interest and source of conflict between states around the globe, including in the SCS. The region is speculated as a home to a large supply of resources, in particular oil and natural gas. The exact amount of oil and gas deposit in the SCS is still debatable and yet to be known or proven due to the existing conflict that inhibit profound exploration. None the less, few agencies had tried to assess what the region might have. In 2013, estimation by the U.S. Energy Information Administration (EIA) stated that the SCS contains approximately 11 billion barrels (bbl.) of oil and 190 trillion cubic feet of natural gas graded as proved or probable reserves. In addition, the U.S. Geological Survey (USGS) estimated that the SCS, excluding the Gulf of Thailand, might hold an additional 12 bbl. of oil and 160 trillion cubic feet of natural gas that have yet to be discovered. A much more optimistic assessment was made in 2012 by the Chinese National Offshore Oil Company (CNOOC). It believed that the SCS contains up to 125 bbl. of oil and 500 trillion cubic feet of natural gas. As the region’s demand on energy supply is increasing, the rich and untapped energy resources of the SCS are certainly viewed as a lucrative solution and a driver for conflict in the region.

The SCS is one of the world’s major fishing areas. It has 3,300 species of fish, most of which are distributed in the southwest of the sand archipelago. Every year, the sea accounts for five million tons of catch which is nearly 10 percent of fish

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6 Christopher L. Daniels, South China Sea: Energy and Security Conflict (Lanham, Maryland: Scarecrow, 2014), 14.
caught globally. Furthermore, the demand for fish resources is likely
to escalate persistently as populations, especially in developing countries, continue to
grow. Fisheries production has always been a business that worth billions of dollars in
annual income. These driving factors have led to over-fishing in the SCS and
increased competition between the fishermen, in particular of Vietnam, the Philippines
and China. Fish resources depletion has urged the fishermen to modernize their fleet
and to extend their operational area further away from their home port deep into the
disputed area. Chinese fishermen are even subsidized and encouraged by their
government to upgrade their boats and travel longer distance to fish in the contested
waters. These actions have caused many incidents between the fishermen and the
concerned nation’s maritime law enforcement agencies that contribute to a great
extent to rising tensions in the region.

The third major interest is the access to the sea lines of communications
(SLOCs). The SCS hosts and links several importance maritime thoroughfares that are
vital for international trade and commerce, such as the Malaca Strait, the Taiwan
Strait, the Bashi Channel, the Luzon Strait, the Balabac Strait, the Sunda Strait, and
the SCS itself. The movement of more than half of international trade and two-third of
the world’s energy demand are heavily depended on the availability of those SLOCs.

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9 Will Roger, “The Role of Natural Resources in the South China Sea,” in Cooperation from Strength: The United States, China and the South China Sea, ed. by Patrick M. Cronin (Center for a New American Security:2012), 90.
10 Ibid, 89.
12 Jane Chan, “Singapore and the South China Sea: Being an Effective Coordinator and Honest Broker,” Asia Policy (January 2016), 43.
Any disruption to these sea lanes may hamper international trade and regional economic development. It can even endanger the viability of a country, such as Japan who relies on imported energy resources. Nearly 80% of Japan’s crude oil imports, which is critical to Japan’s vitality, are transported through the South China Sea. The sea lanes are also crucial for the navy because it present the shortest routes connecting the two main oceans in the region, the Indian Ocean and the Pacific Ocean. For example, the U.S. Navy is heavily relied to these SLOCs to provide access to its bases and allies around Asia in order to maintain the U.S. supremacy in the region.

Therefore, access to the SCS SLOCs is the common concern of all seafaring states, not just the conflicting parties in the SCS.

The last main interest is national identity and territorial integrity. This is the major interest that explicitly related to territorial claims in the SCS. It is the nature of any state to consider territorial integrity as its core interest. Territorial integrity is a symbol of sovereignty and represents the state national identity. That is why China, as an emerging major power, strongly expresses that its territorial integrity in the SCS is undisputable. The Chinese claims that the area within the nine-dash line as part of their history, therefore it is seen as their national identity. The Chinese government have been using the SCS rhetoric to bolsters its citizen nationalism and to gain popular support. Therefore, revising their stand in the SCS dispute can generate domestic anxiety and jeopardizing the government’s legitimacy. The same rationale goes for the American. The U.S has been a major player in the region for more than seventy years.

This role has become a part of its national identity. The U.S. is known as the sole

14 Ian Forsyth, “Core of the Core...” 120.
15 Note Verbale CML/17/2009 ...
super power that can project its power anywhere on the planet. The conflict in the SCS undoubtedly presents potential threat to the American influence and power projection in the region. It is the U.S best interest to maintain their uncontested presence and influence in the region.

The arguments presented in this section have addressed the first research question and validating that the SCS dispute has influenced the security environment, both regionally and globally. How will the issues shape the involving parties’ foreign and defense policy is explained in the next two sections.

FOREIGN POLICY

This part of the paper discusses the relationship between the ongoing conflicts in the SCS with the stakeholders’ foreign policy. As mentioned in the previous section, the parties that are involved in the SCS dispute have many overlapping interest. Therefore, the situation in the SCS has a great influence in shaping the relationship and the interaction between those states.

China

As an emerging global superpower, China has the perspective of “independent foreign policy of peaceful development”. In supporting that foreign policy approach, China believes on mutual cooperation and common development. China is fully aware that its peaceful rising is highly supported by favorable and conducive adjacent environment. However, in the issue of SCS, China’s assertiveness and adamant perspective on SCS are rescinding its cooperative foreign policy.

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One of the major impact is China assertiveness in the SCS has weaken its relationship with most of Southeast Asian countries. Southeast Asia region is considered as one of China most important neighboring area. Pinyuang Zeng, a Chinese scholar and policymaker, believe that Southeast Asia is crucial for China’s global ambitions, in particular to confine the influence of the U.S. and Japan, but most importantly it provides a testing ground for China’s overall foreign policy.\textsuperscript{18} Southeast Asian offers a tough test for the so-called China’s charm offensive policy to convince its immediate neighbors on the friendly nature of China’s peaceful rise. China’s assertive action on territorial dispute toward two important Southeast Asian states, Vietnam and the Philippines, has undermined its claim as a good neighbor and amplified the region’s concern on strategic consequences of China’s expanding power.

Chinese foreign policy has heavily relied on economic diplomacy as its main instrument, utilizing trade and economic initiatives to enhance political and strategic relations. The Maritime Silk Road plan and the Asian Infrastructure Investment Bank (AIIB) are the recent examples of Chinese economic diplomacy in the region.\textsuperscript{19} In term of soft power, while economic power is substantial, it cannot solely build strong relationship between countries, especially those with incompatible security interest. One needs sufficient credibility in order to establish a robust political and strategic trust. That is the reason why, despite its enormous economic and military strength, China’s capabilities to shape and influence the region are limited. China’s limited soft power credibility may be exacerbated by its rejection to multilateral approaches and international arbitration in resolving the SCS territorial dispute. The stalemate on

\textsuperscript{18} Mark Beeson and Fujian Li, \textit{China’s Regional Relations: Evolving Foreign Policy Dynamics} (Colorado: Lynne Rienner, 2014), 87.

developing the ASEAN’s 2002 Declaration on the Conduct of Parties in the South China Sea into a binding Code of Conduct (CoC) is an example of China’s refusal to be drawn into multilateral negotiation in concluding its territorial feud. China also refused to cooperate in the arbitration process under the UNCLOS that was initiated by the Philippines in January 2013 to question the legality of its nine-dash line claim in the SCS. China insisted on the basis of respecting history and international law, the matter should be solved through bilateral dialogues and excluding external parties involvement. Chinese former Premier Wen Jiabao clearly expressed this view at the 2011 East Asia Summit (EAS) in Bali when he stated that China is opposing any external forces involvement in the SCS issue and reaffirmed Chinese stance on bilateral talks among claimants as its means of resolution. The point to emphasize here is that Chinese soft power and international credibility as a great power has been eroded by its persistence attitude in the SCS.

The United States

Prior 2010, the U.S. was preoccupied with its “war on terror” in the Middle East and Afghanistan, causing less attention given to the Asia Pacific region. The U.S renewed interest in the region was marked by its redefine policy toward the dispute in the SCS which was introduced by Secretary of State Hillary Clinton during the ASEAN Regional Forum (ARF) annual meeting in Hanoi in 2010. Subsequently, President Barack Obama officially announced the U.S Pivot to Asia policy during his

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20 Mark Beeson and Fujian Li, *China’s Regional Relations: . . .*, 104.
remark to the Australian Parliament in November 2011.\textsuperscript{24} Although it was not stated explicitly, one can argue that the growing tension among claimants in the SCS and China’s aggressiveness in the region has a considerable amount of contribution in the policy promulgation.

The principal reason that has driven the policy is the development of the conflict might cost the U.S. its unhindered access to the region. The unimpeded access to the SCS SLOCs and its airspace is vital in underpinning two U.S. core interests in the region, economic and security. From the economic perspective, around 1.2 trillion U.S. dollar or 22\% of economic activities that transit the region is belong to the U.S.\textsuperscript{25} Keeping these lanes available and safe is a priority for the U.S. to ensure there are no disturbances that could affect its economy. From the security point of view, it is one of the U.S top priorities as the world’s hegemon to keep its commitment to provide security, especially for its allies and partners. This task requires the U.S to possess unopposed access to different part of the world, including the SCS. China’s unilateral stance in the SCS could compromise this access. The mid-air collision between Chinese fighter jet and a U.S. Navy EP-3 in 2001, the harassment of the USNS Impeccable by Chinese fishermen and paramilitary vessels in 2009, and the near-miss incident between a U.S Navy maritime patrol aircraft and a Chinese fighter jet in 2014, are three major incidents that had exemplified the threat that challenge the U.S. freedom of navigation and over flight in the region.\textsuperscript{26,27,28} Without any doubt,

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arguments above have shown that the SCS issues had a lot to say in shaping the U.S. policy in the region.

The American stance toward the UNCLOS is also an interesting aspect to be discussed. At the present moment, the U.S. is among few states that have not signed and ratified the convention. The situation in the SCS might provoke the U.S. to change its mind in the future. The U.S. non-ratification of the UNCLOS has been seen as vulnerability. China’s has constantly used it to justify its actions and to undermine the U.S. position in the SCS.\textsuperscript{29} Ratifying the UNCLOS will certainly strengthen its SCS discourse. The consideration to do that has always been in the corner. Many U.S. officials, for example former Secretary of State Hillary Clinton and former chairman of the Joint Chief of Staff, General Martin Dempsey, have explicitly expressed their positive view and support.\textsuperscript{30} Thus, the possibility is moving toward most likely rather than less likely.

**Southeast Asian Countries**

The SEA countries are the ones that affected the most by the ongoing conflict in the SCS. In international relation context, the conflict has drawn the SEA nations into a larger competition arena between the People Republic of China as the emerging regional hegemon on one end and the U.S. as the incumbent hegemon in the region on the other end. This dilemma has a great impact to how these states manage their relationship with each side in the context of the SCS dispute.


Vietnam and the Philippines as the two biggest SCS claimant from the SEA have slightly different approach. On one hand, Vietnam is trying to play both ways. It tries to build better relationship with the American without causing anxiety from the Chinese. Its stance in the SCS dispute, however, remain bold and it is constantly promoting the internationalization of the SCS issue.\textsuperscript{31} Vietnam believes that its territorial claim has a strong legal case based on the international law. Although its legal action is not as brave as the Philippines, Vietnam has sent it submission to the international arbitration so the tribunal acknowledges its legal rights and interests. Therefore, Vietnam will not be directly involved in the proceeding of the case, but it possesses the right to intervene if the court proceeding is not in its favor.\textsuperscript{32} On the other hand, the Philippines has enjoyed stronger relationship with the U.S. Therefore, the Philippines is confident that its treaty with the U.S. could provide the support needed against China’s unilateral provocative actions. The most prominent manifestation of the Philippines confidence is its international arbitration challenge to the Chinese nine-dash line.\textsuperscript{33}

Another concern out of the SCS dispute and the rivalry between the U.S. and China in the region is the matter of ASEAN unity. The situation has jeopardized the harmony among ASEAN members. The latest sign of disagreement was showed in 2012, when ASEAN ministerial meeting failed to reach joint statement for the first time of its history due to the divergence view of its members over the SCS issue.\textsuperscript{34}

The failure has raise question on ASEAN’s capacity to act as mediator of a peaceful resolution in the SCS. Therefore, the territorial dispute in the SCS has been greatly affecting SEA countries foreign policy and their ASEAN-Way principles.

**Other Regional Key Players**

As it is mentioned previously, the SCS conflict is a multi-faceted issue with a coinciding interest that involves not only its surrounding countries but also key regional player such as Japan, Australia and India. One thing that these regional players have in common is all three of them formally take no position regarding the competing claims over the sovereignty of some land features in the SCS. In other matter, their policy is diverse. Japan’s and Australia’s biggest concern is the free and safe use of the sea and air space in the SCS. That is why both countries are profoundly supportive on the U.S. Asia Pacific Rebalance policy.  

Japan, in particular, is directing its foreign policy toward strengthening its relationship with SEA states such as the Philippines and Vietnam, in order to gain their support for its territorial conflict against China in the East China Sea (ECS). Despite its support for the safe and free access to the maritime commons, India is also attracted to the SCS energy resources. India has an agreement with Vietnam to do some explorations in the area that is contested between Vietnam and China. The descriptions have plainly showed that the circumstances in the SCS are affecting the foreign policy of these key regional actors.

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35 Yoji Koda, “Japan’s Perceptions . . ., 33-34.
SECURITY AND DEFENSE POLICY

One of the main concerns regarding the territorial clash in the SCS is its likelihood to escalate into an armed conflict. The existing threat is both affected by and affecting the security and defense policy of the stakeholders in the SCS. This section, however, is not trying to isolate security and defense policy from foreign policy as the two are interconnected and complementing each other. Therefore the arguments in this section are strengthening and justifying the earlier arguments from the previous section.

China

The claims in the SCS have influenced China's defense policy in two major points. First is the PLA's force development, especially its Navy. China's interests in the SCS are expanding from territorial integrity, energy security, food security, and control of important sea lanes. China is well aware that in order to achieve all of its interest, its military needs to be upgraded. In the last two decades its defense budget has increased by double digit every year. It is predicted that in 2020 its military budget will be around $260 billion.\(^{38}\) China also modernizes its weaponry. One of the main features of the development is its Anti Access/Area Denial (A2/AD) capability. It is specifically developed to deny and counter the U.S intervention capability which it perceived as the nation’s biggest threat.\(^{39}\) China learned from the Taiwan Crisis of March 1996. Based on that bitter experience, China realizes the access provided by the SCS expose its vulnerability; therefore they started to build A2/AD capability by expanding the navy, air force, missile units and assassin’s mace, an relatively less


\(^{39}\) Bill Hayton, The South China Sea . . ., 216.
expensive weapons to shock and impair more complex opponent. The description has clearly proven that the conflict in the SCS has greatly driven China's military development.

Second is China's military approach. The situation in the SCS has shaped the way the Chinese assert its claims. There are two prominent approaches used by China. First, the militarization of the SCS which is related with islands reclamation and the construction of infrastructure on it. China has built at least seven artificial islands and constructed port facilities, military infrastructure and air strip on top of it. These islands are most likely used as forward operating bases to expand the PLA's coverage in the SCS. Mira Rapp-Hooper, formerly the director of the Asia Maritime Transparency Initiative at the Center for Strategic and International Studies in Washington believes that sooner or later the Chinese will establish Air Defense Identification Zone (ADIZ) in the SCS, just like it had done in the ECS. The Chinese, however, insisted that the islands have much wider purposes, such as joint rescue and disaster relief operations, and also to protect international maritime security, as stated by the chief of PLAN, Adm. Wu Shengli.

The other approach is the “cabbage strategy”. The Chinese is using layers system to exercise their claimed sovereignty in the contested waters. Generally, it uses three layers. The outermost layer is the Chinese large fishermen fleet. The middle layer is the civilian law enforcement agency fleet, such as the Chinese Coast Guard.

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Lastly, in the heart of it is the PLAN fleet. Using this system, the Chinese is trying to cover the direct involvement of its military while exerting its sovereignty claims and harass its competitor. The involvement of fishermen and civilian law enforcement agency is also to minimize the intensity should clashes with other claimants occurred and avoid any involvement from external power, such as the U.S. Both arguments are supported by John Mearsheimer, an American political scientist and the founder of offensive realism, who stated that in its rising, the Chinese might develop its own “Monroe Doctrine” to push the U.S., as its peer competitor, out of the region. Just like the way the U.S. pushed out European power from the Western Hemisphere.

The United States

As previously argued, the increasing tension in the SCS has notably influenced the U.S. foreign policy in the region. Following the same logic, the condition has determined and will continue in a foreseeable future to shape U.S. defense policy in the region, as it is a part of the U.S. Pivot to Asia grand strategy. How the issue in the SCS shapes the U.S. defense policy can be observed from three points of view.

First, the circumstances in the SCS are one of the factors that shape the U.S. military approach and posture in the region. In its near-term plan, the U.S. is constantly conducting the FONOPs throughout the region to maintain its regional access and challenge China’s unilateral provocative actions in the contested waters. The U.S. has conducted three FONOPs in the SCS. The last one was done on 10 May 2016 within 12 nautical miles of Fiery Cross Reef in the Spratly Islands by a U.S

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The aim is to make FONOPs to be seen as “business as usual” activities that are exercised by the U.S. around the globe to preserve its power projection capability and in the same time avoid any perception that it is a discriminatory action. In the long-term phase, through its Rebalance Asia strategy, the U.S. has committed to increase its military presence in the region. By 2020, sixty percent of its military power will be operating in the Asia Pacific region.

Second, the likelihood of the SCS as the future battlefront should the conflict escalate into armed conflict has greatly influenced the U.S. way of thinking on conducting the battle. In 2009, the U.S introduced the Air-Sea Battle concept, a joint operation concept that specifically designated to address asymmetrical threats in areas that are similar to the Persian Gulf or the Western Pacific. In 2015, the doctrine was renamed as the Joint Concept for Access and Maneuver in the Global Commons (JAM-GC). The concept was never explicitly mentioned as a strategy toward China; however, many Chinese top brasses believe it as the U.S way of dealing with China in the SCS when things got rough, as stated by Bill Hayton, the author of “The South China Sea: The Struggle for Power in Asia”. The argument is supported by the analysis that JAM-GC is created as a solution to overcome the existential threats that are presented by the adversary’s Anti Access/Area Denial (A2/AD) capability, the kind of capability that is being intensively develop by the Chinese.

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48 Barack Obama, Remarks by President Obama to the Australian Parliament.
51 Jan Van Tol et al, Airsea Battle. . ., 3.
Finally, the increasing strong stance of China in the SCS has urged the U.S. to strengthen defense cooperation with the SEA countries and other key regional players, such as Japan, Australia and India, in order to counter-balance China’s ascendance and stabilize the region. The U.S will build stronger relationship through foreign military capacity building and joint exercises with its current and future allies and partners in the region. For example, “Cobra Gold” Asia’s largest multinational exercise that include seven countries, the U.S., Thailand, South Korea, Japan, Singapore, Malaysia, and Indonesia. The U.S. had used the same strategy against the Soviet Union in the Cold War era, when it formed alliance with the Western European countries that surrounding the Soviet Union.

Southeast Asian Countries

The impacts of the conflict in the SCS to the security and defense policy of the SEA countries are diverse. The major themes, however, are military modernization and greater defense cooperation. The former are related to wariness of SEA countries over the growth of China’s military power and its assertiveness in exerting its claim in the SCS. Although SEA states are promoting peaceful resolution in the SCS, they realize the necessity to build stronger defense capability in order to be ready for the worst scenario. In the past five years, we have seen the endeavors. Overall, between 2010 and 2014 defense budget of states in the region has risen gradually led by Vietnam with a 59.1 percent increase. Most of the SEA states seem to focus its

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52 Bill Hayton, *The South China Sea*. . . , 226
military development in air and sea warfare capability to face the threats that might arise from the tension and conflict in the SCS.\(^\text{55}\)

The latter theme is closely related with the SEA states foreign policies that have been discussed previously. Greater diplomatic ties, has allowed the SEA states to enjoy greater opportunities to knit tighter defense relationship with great power particularly the U.S., and other regional power such as Japan and India. The various schemes of defense diplomacy such as Shangri La dialogue, East Asian Summit, and ASEAN Regional Forum, have expedited and assisted the development of defense and security capability of the SEA states. The discussion has confirmed that the quarrel over territorial sovereignty and maritime right in the SCS is affecting the SEA nations’ defense and security policy.

**Other Key Regional Players**

The growth of China’s military strength not only worries the SEA countries but also other key players in the region, such as Japan, Australia and India. In a security and defense perspective, the SCS is one of the decisive areas that have to be under control if one wants to become the hegemon in the region. That is why preventing China’s military to gain full control of the SCS is probably the common theme of these major actors’ defense policy.

Under the administration of Shinzo Abe, Japan has amended the role of the Japan Self-Defense Force (JSDF). Japan’s more active role in the EAS will relieve some of the burden off from the U.S. thus enables the U.S to be more focus on the SCS.\(^\text{56}\) This amendment not only makes Japan more flexible for its defense in the EAS

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\(^{56}\) Yoji Koda, “Japan’s Perceptions of and Interest . . . 34.
but also for supporting its allies and partners in other area, including the SCS. In the last five years, Japan has been strengthening its defense bilateral ties with the SCS claimant, especially the Philippines and Vietnam.

Australian has been rejecting China’s maritime rights claims in the SCS waters and its air space by conducting its own freedom of over flight operation to support the U.S FONOPs. Another form of defense support to the U.S. Pivot to Asia strategy is the establishment of a U.S. Marine base in Darwin.\(^\text{57}\)

India’s defense engagement in the region is part of its “Look East” policy. India’s military strength is still insufficient to operate in both the Indian Ocean and the Western Pacific; therefore its involvement is more in building defense ties with the SEA nations. Vietnam is one of its strongest defense engagements. India and Vietnam have several important defense agreements, such as the Indian satellite view of the SCS.\(^\text{58}\) Once again from the aforementioned arguments it can be deduced that the situation in the SCS is affecting the other regional players.

CONCLUSION

This paper examined the territorial and maritime right dispute in the SCS and try to answer two major questions regarding the effects of the conflict to the regional and global security environment, and its influence to the stakeholders’ foreign and defense policy. The paper argues that the dispute in the South China Sea is greatly affecting foreign and defense policy of the stakeholder nations.


The paper began with discussing the four major interest in the SCS, namely hydrocarbon and natural gas; fish stocks; sea lines of communication (SLOC); and national identity and territorial integrity. These four significant interests have complicated the territorial dispute in the SCS and has drawn the involvement of external parties, such as the U.S., non-claimant SEA nations, Japan, Australia, and India. The discussion validates that these competing interest has created tensions among stakeholders that further threat the stability and security of the region.

Subsequently, the paper examines the relationship between the ongoing conflicts in the SCS with the stakeholders’ foreign policy, and deduces four major points. First, Chinese soft power and international credibility as a great power has been eroded by its persistence attitude in the SCS. Second, the SCS conflict is one of the logics behind the U.S. Pivot to Asia strategy and its implementation has greatly shaped the behaviors of the parties involved in the dispute. Third, the dispute has created a dilemma for SEA nations who are positioned between two great powers, and the situation might lead to the disunity of the ASEAN. The last deduction is that despite their neutrality, the foreign policy of the other key regional actors such as Japan, Australia and India have been influenced by their principal interest in the SCS.

Next, the analysis on the defense policy of the stakeholders concludes that the perception of threats that are coming from the dispute in the SCS has triggered the policy on force development and defense engagement. From the force development perspective, most of the stakeholders’ policy envisages modernization of the military, especially the navy, and development of tactics and strategies to secure and deny the access into the region. In the context of defense engagements, it is understood that the circumstances in the SCS have prompted stakeholders to establish greater defense ties that can support their interests.
Finally, it is valid to believe that the SCS is greatly affecting the foreign and defense policy of the SCS’s stakeholders. Further research, however, is needed to predict the ultimate outcome of these policies. What is the future in the South China Sea? Peace or war?


