





THE PEOPLE'S REPUBLIC OF CHINA AND GRAY ZONE ACTIVITIES: THE DRAGON IN THE SOUTH CHINA SEA

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JCSP 45

Solo Flight

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CANADIAN FORCES COLLEGE – COLLÈGE DES FORCES CANADIENNES

JCSP 45 – PCEMI 45

2018 - 2020

SOLO FLIGHT

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INTRODUCTION

China has a mixed history when it comes to sea power. Dynasties have embraced or shun the use and exploration of China's vast coastline, and as such, China's naval power has grown and withered. During the Ming Dynasty, Emperor Yongle embraced the sea and promoted sea power, while the Qing Dynasty prohibited its usage. While China has seen increasing sea traffic through India since the 17th century from Western powers, China lagged with establishing control of its surrounding sea. The First Island Chain acts as a defensive barrier to China; it also is at the core of the various claims and disputes. China is not just a victim here; it did fail to control the sea environment as a direct result of its policy and has been playing catch up ever since. Coastal nations would do well to learn from these historic events. China has been taking action to re-establish itself as a maritime power, and not only a regional power.

In addition to its warship fleet renewal program, China has developed an Arctic strategy as it recognized the importance of the NWP for its economy and has invested in icebreakers.³ While the end of the Cold War left the United States as the world hegemon, China's recent build-up of its maritime capability is not going unnoticed as such China is between a rock and a hard place. China must build up a credible naval force if it hopes to further its maritime claims on the world stage while avoiding the reaction from the world

¹ Bill Hayton, "Wrecks and Wrongs: Prehistory to 1500," in *The South China Sea: The Struggle for Power in Asia* (New Haven and London: Yale University Press, 2014), 1–28.

² Hailong Ju, "Preface," in *China's Maritime Power and Strategy: History, National Security and Geopolitics* (Singapore: World Scientific Publishing Co. Pte. Ltd., 2015), ix–xiv.

³ State Council Information Office of the People's Republic of China, "China's Arctic Policy," The State Council. The People's Republic of China, 2018,

http://english.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm.

hegemon.⁴ Complicating the issue for China is the United States providing both economic and military support in the form of equipment to the countries that have claims against China in the South China Sea.⁵⁶ China has also claimed it had no interest in interfering in other countries' affairs, unlike the United States, and has been promoting *heping jueqi*, or Peaceful Rise.⁷ This paper will examine the litigious situation in the South China Sea, the use of Gray Zone activities by China, and why it is in the interest of Canada to contribute to the dispute resolution and to regional stability.

CHINA'S AND MARITIME POWER

Hailong Ju explored Mahan's sea power theory two principles from China's perspective when it comes to its South China Sea (SCS) claims and how to achieve its goals. First, one must establish security in the neighbouring waters by controlling the water and islands in proximity to prevent their use by adversaries.⁸ Second, the "scope of sea power of a maritime power should expand in accordance with its national interests overseas".⁹ He sums up China's maritime power strategy with its geopolitics as a "contradictory confusion" between the peaceful rise and being a good neighbour while also pursuing the maritime power, which brings confrontation.¹⁰ China suffered losses to invasions and other conflicts through the 100 years of shame; its current strategy relies

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⁴ Hailong Ju, "Learn from the Sea Power Theory and Geopolitical Theory," in *China's Maritime Power and Strategy: History, National Security and Geopolitics* (Singapore: World Scientific Publishing Co. Pte. Ltd., 2015), 21–34.

⁵ Peter Pham, "The Arms Race in the South China Sea," *Forbes*, December 20, 2017.

⁶ Alexander L. Vuving, "Force Buildup in the South China Sea: The Myth of an Arms Race," *Center for Strategic & International Studies*, October 12, 2017.

⁷ Liselotte Odgaard, "The Art of Walking on Two Legs: China's National Security Strategy since the Cold War," in *China and Coexistence: Bejing's National Security Strategy for the Twenty-First Century*, ed. Woodrow Wilson International Center for Scholars (Baltimore: John Hopkins University Press, 2012), 1–22.

⁸ Ju, "Learn from the Sea Power Theory and Geopolitical Theory.", 27.

⁹ *Ibid*, 27-28.

¹⁰ *Ibid*, 32-34.

heavily on China's economic rise initiative such as the belt and road policy and investments in the energy sector.¹¹

The propaganda engine, and China's expanding list of allies and countries that benefit from substantial Chinese investments such as Iran, Venezuela, the Philippines, and Cambodia back up China's Peaceful Rise. ¹² China also appears to have found a way to keep appearances of Peaceful Rise while also building up its naval forces. When it comes to its economic policy, China is using the same playbook to further its regional hegemon objectives that many other countries have used in the past. Not unlike the United States, Japan or the Soviet Union, China is establishing itself as the regional economic power. ¹³ China has also become the largest trading partner in East Asia. In its quest towards regional hegemony, it seeks independence from western influence. China has invested heavily in regional organizations such as the New Development Bank (NDB) or the Asian Infrastructure Investment Bank (AIIB) where it can exert influence on many of its neighbours. ¹⁴ China's regional goals do not require her to challenge or become the world hegemon, and China may just be able to achieve her regional goals.

COMPLEXITY OF THE SOUTH CHINA SEA

The SCS is rich in resources; the economic benefits of shipping, fishing, and natural resource exploitation contribute to the many countries' claims. Although not everyone agrees on the numbers, the low estimate of trade passing through the area is around 3.37

¹¹ Man Hung Thomas Chan, "The Belt and Road Initiative – the New Silk Road: A Research Agenda," *Journal of Contemporary East Asia Studies* 7, no. 2 (July 3, 2018): 104–23, https://doi.org/10.1080/24761028.2019.1580407.

¹² Joshua Kurlantzick, "A Charm Strategy," in *Charm Offensive: How China's Soft Power Is Transforming the World* (Yale University Press, 2007), 37–60.

¹³ Ju, "Preface.", xxvi.

¹⁴ Bernard D. Cole, *China's Quest for Great Power Ships, Oil, and Foreign Policy* (Annapolis, MD: Naval Institute Press, 2016), 115-18.

Trillion dollars. 15 China is also Canada's second trading partner for imports and exports. 16 The United Nations Commission on the Laws of Seas (UNCLOS), which regulates maritime claims and disputes, binds the many countries with stakes and claims in the area.¹⁷ At the heart of the matter, is the delineation of the Economic Exclusive Zone (EEZ), which gives a state the exclusive use of the sea and continental shelf for economical use. 18 The EEZ, which extends to 200 nautical miles, is not territorial waters, which only extends from the coastline to the first 12 nautical miles. The issue comes from the lack of regulation from UNCLOS when countries are so close and the EEZ overlaps, many countries such as China, took exception to the arbitration format under article 298 of UNCLOS, which leaves little to no options to resolve disputes peacefully. 19 Additional complication come from staking claims on islands in the area, creating a 200 nautical miles area of economic benefits around such island, and is at the hearth of the SCS disputes. These international disagreements over EEZ delineations are not new and linger, as nobody is willing to concede territory and set precedents. Canada and the United States have many unresolved claims such as:

- a. Machias Seal Island between Maine and New Brunswick;
- b. The Straits of Jun de Fuca between British Columbia and Washington States;

¹⁵ Ankit Panda, "How Much Trade Transits the South China Sea? Not \$5.3 Trillion a Year," *The Diplomat*, August 7, 2017.

¹⁶ Canada. "Annual Merchandise Trade 2019," Global Affairs Canada, 2020,

https://www.international.gc.ca/economist-economiste/statistics-statistiques/annual_merchandise_trade-commerce des marchandises annuel.aspx?lang=eng.

¹⁷ United Nation. UN General Assembly, "United Nations Convention on the Law of the Sea (UNCLOS)," 1982, https://www.refworld.org/docid/3dd8fd1b4.html.

¹⁸ Cole, China's Quest for Great Power Ships, Oil, and Foreign Policy, 37-43.

¹⁹ The People's Republic of China. Ministry of Foreign Affairs, "Statement of the Ministry of Foreign Affairs of the People's Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines," 2016, https://www.fmprc.gov.cn/nanhai/eng/snhwtlcwj_1/t1379492.htm.

- c. The Beaufort Sea between Alaska and Yukon;
- d. The Northwest Passage; and Dixon Entrance.²⁰

The number of states involved in the SCS dispute makes it one of the most complex cases in modern history (Figure 1). The areas contested in the SCS include;

- a. Senkaku Islands which are claimed by China, Taiwan, and Japan;
- b. The Pratas Islands, claimed by China and Taiwan;
- c. The Paracel Islands claimed by China, Taiwan, and Vietnam;
- d. The Macclesfield Bank claimed by China, Taiwan, and the Philippines;
- e. The Scarborough Shoal claimed by China, Taiwan, and the Philippines; and
- f. The Spratly Islands claimed by China, Taiwan, the Philippines, Vietnam, Malaysia, and Brunei (Figure 2).²¹



Figure 1 Source: Hobe / Holger Behr - Own work https://commons.wikimedia.org/w/index.php?curid= 2048297



Figure 2 Source: Voice of America http://blogs.voanews.com/state-departmentnews/2012/07/31/challenging-beijing-in-thesouth-china-sea/

²⁰ Stephen R. Kelly, "Good Neighbors, Bad Border," *The New York Times*, November 26, 2012, https://www.nytimes.com/2012/11/27/opinion/good-neighbors-bad-border.html?_r=2.

²¹ Bill Hayton, "Rocks and Other Hard Places: The South China Sea and International Law," in *The South China Sea: The Struggle for Power in Asia* (New Haven and London: Yale University Press, 2014), 90–120.

While China sees that a peaceful, legal resolution will not be expeditious, it's leaders know that direct military action and use of force will also not go unanswered under the watchful eye of the world community in general and the United States in particular. China has employed a vast soft and hard power arsenal to apply pressures on its neighbours in a bid to take control of the contested area.

GRAY ZONE ACTIVITIES

China's development and use of maritime Gray zone activities complicate matters for the west while furthering China's goal of increased influence and control of the SCS. Gray zone activities are defined as the

"...operational space between peace and war, involving coercive actions to change the status quo below a threshold that, in most cases, would prompt a conventional military response, often by blurring the line between military and non-military actions and the attribution for events".²²

A shorter definition is the "competitive interactions that fall between the traditional dualities of war and peace". 23 Gray zone activities are between peace and irregular warfare/terrorism and occur in phase one, Shape and Deter. Gray zone activities include; "military intimidation, paramilitary activities, co-opting of state-affiliated businesses, manipulation of borders, information operations, lawfare and diplomacy, and economic coercion". 24 As such, Gray zone activities remain below a certain threshold and

https://www.rand.org/content/dam/rand/pubs/research_reports/RR2900/RR2942/RAND_RR2942.pdf. ²³ Andrew S. Erickson and Ryan D. Martinson, "Introduction. 'War Without Gun Smoke': China's Paranaval Challenge in the Maritime Gray Zone," in *China's Maritime Gray Zone Operations*, ed. Andrew S. Erickson and Ryan D. Martinson (Naval Institute Press, 2019), 13.

²² Lyle J. Morris, Michael J. Mazarr, Jeffrey W. Hornung, Stephanie Pezard, Anika Binnendijk, Marta Kepe, *Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression Below the Threshold of Major War* (Santa Monica: RAND Corporation, 2019), 8,

²⁴ Lyle J. Morris, Michael J. Mazarr, Jeffrey W. Hornung, Stephanie Pezard, Anika Binnendijk, Marta Kepe, *Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression Below the Threshold of Major War*, 27.

complicate the decision process when it comes to a military response. Gray zone activities occur over an extended period, are often being litigated and contested in international courts or other regulating bodies and do not threaten vital interests, which complicate the identification of a decision point for a military response. Gray zone activities are also achievable with minimal resources, may expose flaws in defence, and if successful requires considerable planning and time to respond, giving the aggressor time to solidify his position and prepare defences. The aggressor has the advantage as Gray zone activities allow for small and rapid territory gains, where they can establish themselves and shift the balance from aggressor to defender. Some countries in the region also see Gray zone conflicts and events as a local law enforcement issue. As such, China's expansion of its law enforcement fleet can be interpreted as an appropriate response in the region. ²⁵ The growth and size of China's paramilitary force further muddy the waters for both regional and external players.

CHINA'S INVISIBLE NAVAL FORCE

The People's Liberation Army Navy (PLAN) represents the typical naval *grey-hulled* ships and was as of 2014 the second largest navy in the world.²⁶ China has stood up the People's Armed Forces Maritime Militia (PAFMM), comprised mostly of fishing vessels that can be deputized or brought to active duty. The PFAMM is the world's largest law enforcement navy and also the stealthiest due to the use of fishing vessels, which go about their business until called they are needed.²⁷ They provide China with

²⁵ Lyle J. Morris, Michael J. Mazarr, Jeffrey W. Hornung, Stephanie Pezard, Anika Binnendijk, Marta Kepe, 40.

²⁶ Bernard D. Cole, *China's Quest for Great Power Ships, Oil, and Foreign Policy* (Annapolis, MD: Naval Institute Press, 2016), 59-64.

²⁷ Connor M. Kennedy, "China's Maritime Militia and the Gray Zone," in *China's Maritime Gray Zone Operations*, ed. Andrew S. Erickson and Ryan D. Martinson (Naval Institute Press, 2019), 109.

invaluable intelligence in the vast area of the SCS, while complicating any external player's attempt to maintain situational awareness. With little training, the PAFMM extends the arm of China in the SCS while providing some deniability to the central government through its propaganda apparatus; the regional news of a Western warship colliding with a Chinese fishing vessel can tip the balance to China's advantage.

The case of the USNS IMPECCABLE demonstrates the effectiveness of the PFAMM and risk to anyone operating in the area. In 2009, the USNS IMPECCABLE was gathering intelligence with its underwater sensors in what China considers contested waters. Fishing vessels came and harassed the U.S. ship, attempting to run over and damaging its equipment, and ultimately forcing the ship to leave the area.²⁸ While the United States used a destroyer to escort the USNS IMPECCABLE back in the area and assert it's right to operate, it took some time to resolve the incident, which required both diplomatic efforts and commitment of military resources. The result of this incident brought up China's claims in the area to the world stage.²⁹ Although no real progress in resolving the disputes was made, China used the event to bolster its status in the region through the media.³⁰ The U.S. has the resources to respond to such tactics, however smaller countries in the area and other international actors transiting are not able to commit such resources a vast area to protect its interest, be it shipping, natural resources exploration and exploitation, or inhabitable island chains.

OLD TRICKS

²⁸ Michael Green et al., "CASE 1: HARASSMENT OF THE USNS IMPECCABLE (2009)," Asia Maritime Transparency Initiative and the Center for Strategic and International Studies, 2009, https://amti.csis.org/counter-co-harassment-usns-impeccable/.

²⁹ Chris Buckley, "China Says U.S. Naval Ship Broke the Law," *Reuters*, March 9, 2009.

³⁰ Xinhua News Agency. "China Says U.S. Naval Ship Breaks Int'l Chinese Law," *Xinhua News Agency*, March 10, 2009, https://web.archive.org/web/20090313032821/http://news.xinhuanet.com/english/2009-03/10/content_10983647.htm.

Gray zone operations rely on small successes over time, which can be achieved by *fait accomplis*, in which the aggressor "aims to take a gain small enough that the adversary will let it go rather than escalate". The 1988 Johnson South Reef skirmish happened rapidly, and China gained a foothold on the reef over Vietnam. China rapidly consolidated its position and has held its ground since then, the retaliation or attempt to reclaim the area was deemed too costly for Vietnam. China extended its gain at Mischief Reef in 1994, when China built structures on stilts in the area to shelter its fishing fleet. Although the Philippine's Government protested the move, it chose not to escalate the conflict and risk direct confrontation. Similar Gray zone tactic was used again in the area of Scarborough Reef, where Chinese fishing vessels blocked the entrance to the inner harbour claiming they were being denied access to the fishing resources, the area is also subject of dispute and claimed by China.

China has used Gray zone operations tactics, and it has reaped some of the rewards with small regional gains and making the cost and investment of response too high or too risky to both local and western powers. The recent lessons in Crimea also serve as a warning for any power involved in operations that do not cross specific lines or reach a certain threshold of conventional warfare. A timely response may not be possible.

GRAY ZONE RESPONSE OPTIONS

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³¹ Daniel W. Altman, "Red Lines and Faits Accomplis in Interstate Coercion and Crisis" (Massachusetts Institue of Technology, 2015), 21, http://hdl.handle.net/1721.1/99775.

³² Charlie Bradley, "South China Sea War: How 64 Vietnamese Forces Died in Bloody Skirmish over Region," *Express Newspaper*, September 11, 2019, https://www.express.co.uk/news/world/1176672/south-china-sea-war-vietnamese-forces-died-china-xi-jinping-autralia-spt.

³³ B. Raman, "Chinese Assertion of Territorial Claims- The Mischief Reef: A Case Study," South Asia Analysis Group, 1999, http://southasiaanalysis.org/paper24.

³⁴ Peter A. Dutton, "Conceptualizing China's Maritime Gray Zone Operations," in *China's Maritime Gray Zone Operations*, ed. Andrew S. Erickson and Ryan D. Martinson (Naval Institute Press, 2019), 34.

The response to Gray zone operations are complicated due to the multiple options the aggressor has and many permutations one can use. In chapter five of "Gaining Competitive Advantage in the Gray Zone", the authors propose four objectives the United States should prioritize to respond to that specific form of threat;

- a. reinforce its credibility and reliability as a partner to local states;
- b. strengthen the global narrative about the extent to which gray zone actions undermine the rules-based international order;
- c. take multiple steps to stabilize and, where possible, mitigate the intensity of the strategic competition; and
- d. enhance the U.S. government's institutional oversight of the gray zone challenge.³⁵

Although Canada does not possess the United States' resources or have an identical foreign policy, Canada should consider aspects of this Strategic proposal.

Foreign Minister Freeland has reiterated Canada's position on foreign policy;

"...beginning with the international conference at Bretton Woods in 1944, Canada has been deeply engaged in, and greatly enjoyed the benefits of, a global order based on rules". Canada is a member of many organizations such as the G20, the United Nations (U.N.), Asia-Pacific Economic Cooperation (APEC), the World Trade Organization (WTO), and the International Monetary Fund (IMF). Canada is also part of other

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³⁵ Lyle J. Morris, Michael J. Mazarr, Jeffrey W. Hornung, Stephanie Pezard, Anika Binnendijk, Marta Kepe, *Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression Below the Threshold of Major War*, 140.

³⁶ Canada. "Address by Minister Freeland on Canada's Foreign Policy Priorities," Global Affairs Canada, 2017, https://www.canada.ca/en/global-

 $affairs/news/2017/06/address_by_minister freeland on canadas for eignpolicy priorities. html.$

³⁷ Government of Canada, "Canada's International Relations," 2020, https://www.international.gc.ca/world-monde/international_relations-

organizations that include members who have open disputes with China or have an interest in regional stability such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or the G7. Members of the CPTPP that have open disputes with China include Singapore and Vietnam. At the same time, others are also long-standing allies and share a similar interest for stability in the region such as Australia, New Zealand and Japan. Canada has always been a coalition builder, and we are in an excellent position to promote discussion, rules-based response and apply nonviolent pressures on China to prevent further conflict or escalation. China is also investing in organizations that are free of western influences, such as the Asian Development Bank (ADB) or the Shanghai Cooperation Organization (SCO).³⁸ Canada's existing relationships are of vital importance if we are to maintain our voice in the region. As recent experience with Huawei's executive legal battle for extradition to the United States has shown, Canada cannot hope to apply economic pressure on China alone. Canada followed it's a judicial process to assess the extradition request from the United States, and China retaliated with a series of activities that reminded Canada that we do not hold all the cards; two citizens were detained on espionage charges, and two put on death row, China increased harassment on Canadian citizens linked to Tibet, Uighur and Hong Kong political protests.³⁹ China halted billions of dollars worth of agricultural imports such as canola seeds and pork products, significantly impacting the economy for several months. Diplomacy is the preferred avenue to resolve conflict; nobody, including

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 $relations_internationales/index.aspx?lang=eng\&_ga=2.176338149.135572297.1590770129-97532698.1571755948.$

³⁸ Chan, "The Belt and Road Initiative – the New Silk Road: A Research Agenda.", 106-07,

³⁹ Natalie Obiko Pearson, "Huawei CFO Meng Wanzhou's Arrest Awakens Canadians to the Long, Strong Arm of China," *Financial Post2*, September 23, 2019.

China, wants conflict, which would inevitably engulf the world. The Canadian Government may have to escalate, enforce diplomatic measures, sanctions, and ultimately employ its military.

Canada's defence policy Strong Secure Engaged makes a priority for the Royal Canadian Navy (RCN) to "...pursue interoperability with allied capabilities [...] to directly leverage these capabilities, increasing its own effectiveness and bolstering credible joint and allied action"⁴⁰ if escalation and show of force are deemed necessary. China has invested in the renewal of the PLAN fleet, and its presence in the SCS is to be expected as the country continues to grow. Canada and the United States maintain a vigilant watch of our coastlines and show presence when foreign ships could be gathering intelligence near our countries. It would be hypocritical to think that China cannot and should not do the same in the SCS unless the world is willing to concede China's claims in the SCS. The exclusive rights and use that China claims must be challenged, which the United States does on an ongoing basis by expressing its freedom of navigation in contested waters. 41 While such activity has some risks (USNS IMPECCABLE or USS DECATUR), they also serve the dual purpose of physically challenging China's claims and expose some of China's aggressive behaviour on the world stage. Canada and the world community should continue to do the same despite the inherent risks.

To provide a timely response to PLAN or PFAMM activities, and show presence and challenge China's claim in the SCS, the Canadian Government should increase

⁴⁰ Canada. Department of National Defence., *Strong Secure Engaged: Canada's Defence Policy Report* (Ottawa, 2017).

⁴¹ US, "Annual Freedom of Navigation Report Fiscal Year 2018" (Washington, DC, 2019), https://policy.defense.gov/Portals/11/Documents/FY18 DoD Annual FON Report (final).pdf?ver=2019-03-19-103517-010.

deployments in the area, and work with its allies to integrate ship's full time in a naval task group similar to it's NATO commitment of Standing NATO Maritime Group Two (SNMG2). An early Canadian naval presence would provide invaluable experience and intelligence if a response became necessary. The advantages to Canada are multifaceted, first-hand knowledge of activities in the area, ability to provide immediate assistance to a regional power in the event of natural disasters, rapid response to initial conflict to reduce chances of consolidation, physical presence in the area increase deterrence, expose illegal behaviours, and increase Canadian Foreign Diplomacy efforts by providing visit opportunities to dignitaries. Naval warships offer a unique opportunity to reinforce alliances and create new ones. China has yet to commit its navy and escalate the situation as seen with the USNS Impeccable. Individual warship presence, that is planned and deliberate, would in addition to the aforementioned advantages, also assert freedom of navigation under international law. It is in Canada's interest to do more to stabilize the region, and should explore all means available.

CONCLUSION

The situation in the SCS has been developing for decades, not unlike other parts of the world that have seen conflict, the road to a peaceful resolution is arduous. While we can hope that a conflict would be limited to the region, the SCS is not Crimea. The economic disruption for Canada and the rest of the world from the sea trade alone would be catastrophic and would force the rest of the world to get involved. China has suffered for many years, and the sleeping dragon is awakening. China wants its fair share as a rapidly growing economy, based on today's market, not what it had 100 years ago. China has learned from the Bretton Woods and is investing in regionally independent

organizations that it can influence, such as the ADB, ASEAN or the SCO. China must first establish itself as the regional hegemon, and in doing so, *heping jueqi* or not, and the world cannot just watch from the sidelines lest it concedes all China's claims. It is in Canada's interest to continue building relationships with all South East Asia countries; it is clear that partnerships and coalitions are the way to avoid costly conflicts.

Canada's response must include a solid policy, partnerships and dialogue. At the same time, also be ready to employ its military assets, especially the RCN, which is well trained and can easily integrate in a coalition setting. Protecting freedom of navigation and trade routes is in Canada's interest, along with the rest of the world. As I completed my research and wrote this conclusion, amid the world epidemic of Coronavirus, I am reminded that a single event can have repercussions that will change the world, as we know it. With the economic consequences from the Coronavirus yet unknown, some of the regional players in the SCS may see the natural resource-rich contested zones as the solution to their financial problems. Canada and the world can ill afford to be on the sidelines watching.

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