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## TROUBLED WATERS: IMPLICATIONS OF CHINESE POLICY IN THE SOUTH CHINA SEA

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**JCSP 46**

**Service Paper**

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**PCEMI 46**

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CANADIAN FORCES COLLEGE – COLLÈGE DES FORCES CANADIENNES

JCSP 46 – PCEMI 46  
2019 – 2020

SERVICE PAPER - ÉTUDE MILITAIRE

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Word Count: 2,631

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## **TROUBLED WATERS: IMPLICATIONS OF CHINESE POLICY IN THE SOUTH CHINA SEA**

### **AIM**

1. The aim of this service paper is to present the international defence and security implications of the People's Republic of China's (PRC) extant policy in the South China Sea (SCS). It will examine the military, economic, and political ramifications of the current situation, and will provide recommendations for future Canadian Armed Forces (CAF) engagement in the region, with an emphasis on the Royal Canadian Navy (RCN). While the identification and mitigation of RCN capability and capacity gaps is an important consideration in the context of this broad topic, it will not be addressed within this paper.

### **INTRODUCTION**

2. Since the 1990s, the PRC has adopted an increasingly aggressive, multi-faceted approach towards safeguarding its territorial claim to the SCS. While its ostensible goal is to maintain peace and security in the area, this is only on terms that are favourable to China.<sup>1</sup> As a result, the PRC's policy has created a contested Area of Operations (AO) for non-Chinese vessels and aircraft. The SCS is one of the world's major maritime shipping routes, and nearly one-third of all seaborne commercial traffic passes through it annually.<sup>2</sup> From a regional perspective, it can be argued that "what happens in the South China Sea will define the future [of South-East Asia]."<sup>3</sup> To obtain full recognition as a

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<sup>1</sup> Marius Grinius, "South China Sea and the New Great Game." Canadian Global Affairs Institute, June 2016. Accessed 11 October 2019. [https://www.cgai.ca/south\\_china\\_sea](https://www.cgai.ca/south_china_sea).

<sup>2</sup> Christopher L. Daniels, *South China Sea: Energy Security and Conflicts* (Lanham: Scarecrow Press, Inc., 2013), 1.

<sup>3</sup> Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (New Haven: Yale University Press, 2014), xvii.

21<sup>st</sup>-century superpower, the PRC believes that it must establish and maintain dominance – military, economic, and political – over the SCS, regardless of any competing claims or intervention by the international community.

3. This paper will examine the implications of the PRC’s policy in the SCS from a regional defence and security standpoint, and will identify specific impacts for the CAF while emphasizing new challenges that the RCN will face in the area. Following analysis of the key immediate outcomes of the PRC’s SCS policy, it will provide recommendations for future CAF engagement in the West Pacific which, if implemented, will demonstrate Canada’s continued commitment to its allies and partners in South-East Asia.

## **DISCUSSION**

### **Military Implications**

4. The regional military effects of China’s policy in the SCS are perhaps the most visible. Since 2014, it has established permanent, man-made bases upon seven features in the Spratly Islands – roughly 3,000 acres’ worth of new land.<sup>4</sup> People’s Liberation Army (PLA) air and naval units routinely challenge any non-PRC forces transiting through the area on the grounds that they are violating Chinese territory.<sup>5</sup> These actions enable the PRC to create and sustain the narrative that control of the SCS is China’s purview alone by virtue of history,<sup>6</sup> and permit Beijing to dismiss international legal

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<sup>4</sup> Office of the Secretary of Defence, *Annual Report to Congress – Military and Security Developments Involving the People’s Republic of China 2019* (Washington, DC: U.S. Government Printing Office, 2019), 75.

<sup>5</sup> *Ibid.*, 73.

<sup>6</sup> The PRC had declared that its claim extends as far back as the 10<sup>th</sup> century. Jian Zhang, “China’s South China Sea Policy: Evolutions, claims and challenges” in *The South China Sea Maritime Dispute*, eds. Leszek Buszynski and Christopher B. Roberts (New York: Routledge, 2015), 68.

rulings that conclude otherwise.<sup>7</sup> The creation of permanent bases in the Spratly Islands reflects China's position that the so-called "Nine-Dash Line" is its true maritime border, and one that it will maintain by force if required.<sup>8</sup> The existence of such a maritime defence in depth presents a daunting challenge for non-PRC forces in any future conflict with China.

5. Outside intervention will inevitably be required in the SCS in order to contain China and restore the military balance of the region. Military deployments by nations such as the United States (US) and Canada send a clear message to Beijing, in that its bullying tactics will not be accepted by the international community. As the PRC fortifies the SCS against outsiders, foreign military powers will be subjected to increasing acts of aggression by PRC conventional and irregular forces. While the US has so far avoided entanglement in the ongoing political aspect of the dispute between SCS nations, it has insisted on maintaining its right of Freedom of Navigation (FoN) through those waters.<sup>9</sup> China has historically been highly aggressive towards what it regards as intruders in its territory.<sup>10</sup> Over the past five years, the PRC has markedly increased protective measures in the SCS. On 24 June 2019, two PRC fighters "buzzed" the HMCS REGINA and MV ASTERIX as they transited through international waters in the East

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<sup>7</sup> The 2016 Permanent Court of Arbitration Ruling in favour of the Philippines regarding the SCS – largely ignored by the PRC – is the most prominent recent example of this.

<sup>8</sup> The Nine-Dash Line refers to a map produced in the Republic of China (Taiwan) in 1947 that presented a vague and poorly-defined demarcation line of Chinese territory in the SCS. Its legitimacy is not recognized outside of either the PRC or Taiwan.

<sup>9</sup> FoN is enshrined in the United Nations Convention on the Law of the Sea (UNCLOS), which the PRC ratified in 1996.

<sup>10</sup> The Hainan Island incident of 2001, in which a US Navy SIGINT aircraft and a PLAN interceptor collided, is a prominent example.

China Sea, an obvious display of force by the PRC.<sup>11</sup> While such interactions between People's Liberation Army (PLA) forces and non-PRC units are by no means unusual, the frequency and intensity of such events are likely to increase over the coming decade.

6. Beyond the conventional threat posed by PLA air and naval units, the PRC maintains a range of options for applying force in the SCS. The People's Armed Forces Maritime Militia (PAFMM) routinely tracks, harasses, and physically impedes non-PRC forces operating in international waters that China claims as its own.<sup>12</sup> PAFMM operations allows the PRC to “blur lines of attribution and reduce the likelihood of provoking an adversary into climbing the escalation ladder.”<sup>13</sup> The PAFMM has become Beijing's force of choice for low-intensity confrontations with non-PRC commercial and naval vessels, and the number of incidents involving the PAFMM is likely to increase in step with any escalation of tensions between the PRC and other nations with a stake in the SCS.<sup>14</sup> It is likely that PAFMM units may attempt to provoke an over-reaction from foreign elements in order to give the PRC grounds to portray itself as the aggrieved party in any incident resulting in an escalation of force. Combined with the challenges presented above in this section, the SCS will remain a difficult and dynamic AO for the CAF.

### **Economic Impacts**

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<sup>11</sup> Brewster, Murray. “Chinese jets buzzed Canadian naval ships in East China Sea.” CBC News, 27 June 2019. Accessed 19 October 2019. <https://www.cbc.ca/news/politics/china-fighters-buzzed-regina-asterix-east-china-sea-1.5193149>.

<sup>12</sup> Andrew S. Erickson and Ryan D. Martinson, eds. *China's Maritime Gray Zone Operations* (Annapolis: Naval Institute Press, 2019), 293.

<sup>13</sup> *Ibid*, 135.

<sup>14</sup> Mike Yeo. “Testing the waters: China's maritime militia challenges foreign forces at sea.” Defensenews.com, 31 May 2019. Accessed 19 October 2019. <https://www.defensenews.com/global/asia-pacific/2019/05/31/testing-the-waters-chinas-maritime-militia-challenges-foreign-forces-at-sea/>.

7. China's policy in the SCS cannot be considered without examining the economic impacts of its military posture. The SCS holds not only a large proportion of the fish stocks that are essential to China's nutritional needs, but also an estimated \$2.5 trillion in as-yet unexploited hydrocarbons.<sup>15</sup> The 200-mile Economic Exclusion Zones (EEZs) of the Philippines, Vietnam, Brunei, and Malaysia all extend into the SCS. As such, the presence of Chinese survey vessels, accompanied by armed warships, is an overt display of the PRC's intention to deprive its neighbours of natural resources within their respective EEZs. To maintain economic primacy, which is necessary for military supremacy, the practices of the PRC demonstrates its willingness to starve its neighbours.

8. Given the threat of economic deprivation identified above, it is doubtful that the PRC's greatest local competitors in the SCS, Vietnam and the Philippines, will have many options but to submit to Beijing's demands unless concentrated political and economic pressure is applied against the PRC by other nations. Within the West Pacific, Japan, Taiwan, and the Republic of Korea (ROK) are all dependent upon the free movement of shipping through the SCS in order to sustain their economies. Specifically, all three are major importers of oil and petroleum products that must arrive by sea. Any disruption of this supply chain would have immediate and severe implications for these nations, two of which – Japan and the ROK – are key Canadian partners in the Pacific. Both nations must maintain a high state of readiness. In Japan's case, it is against the

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<sup>15</sup> U.S. Embassy and Consulates in China, "China Escalates Coercion against Vietnam's Longstanding Oil and Gas Activity in the South China Sea," accessed 16 October 2019, <https://china.usembassy-china.org.cn/china-escalates-coercion-against-vietnams-longstanding-oil-and-gas-activity-in-the-south-china-sea/>.



PRC, whereas the ROK has a challenging relationship with North Korea and its unpredictable Kim regime.

9. Japan and China have repeatedly clashed over the uninhabited Diaoyu/Senkaku Islands in the East China Sea.<sup>16</sup> This prompted the PRC to create an Air Defence Identification Zone (ADIZ) in 2013. Beyond questions of sovereignty, the seabed around the islands is similar to the Spratlys and is believed to hold vast quantities of hydrocarbons, potentially as much as 160 billion barrels.<sup>17</sup> It is entirely feasible that competing Japanese and Chinese survey expeditions will heighten tensions in the area. In such an instance, the PRC could force acquiescence from Tokyo by threatening to disrupt Japan-bound tanker traffic moving through the SCS. While such disruption would not necessarily take the form of impounding or turning away Japanese merchant shipping, merely slowing its transit through the SCS would exert pressure on Japan. In such a case, the application of diplomatic pressure by the US in particular would be essential to force the PRC to relent. At a time when the US is increasingly isolationist in its approach to foreign affairs, regardless of longstanding treaties and alliances, Japan and Canada's other major partners in the Pacific must carefully weigh any confrontation with the PRC. This reinforces Beijing's perception that it may remain unchallenged in both the SCS and the wider region, with economic disruption becoming a weapon of choice for the PRC.

### **Political Ramifications**

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<sup>16</sup> Diaoyu is the Chinese and Senkaku the Japanese name for the islands.

<sup>17</sup> Huang, Cary. "Diaoyu Islands dispute about resources not land." *South China Morning Post*, 4 December 2012. Accessed 16 October 2019. <https://www.scmp.com/news/china/article/1096774/diaoyu-islands-dispute-about-resources-not-land>.

10. The political ramifications of the PRC's policy in the SCS requires close consideration; specifically, its impact upon the Association of Southeast Asian Nations (ASEAN). Founded in 1967, ASEAN has several aims and purposes, amongst which is the promotion of regional peace and stability.<sup>18</sup> The association consists of ten member nations, four of which – Brunei, Malaysia, the Philippines, and Vietnam – have territorial and economic interests in the SCS. While the PRC does not belong to ASEAN, it is a member of the ASEAN Plus Three (APT) forum, whose membership includes Japan and the ROK. The growth of the PRC as the dominant power in the West Pacific has disrupted ASEAN's unity and undermined its contribution to regional stability, diminishing the ability of the South Asian nations to resolve conflict in a cooperative and diplomatic fashion.<sup>19</sup>

11. As the PRC began its overt campaign to establish dominance in the SCS, ASEAN sought to engage in a multilateral dialogue that would dissuade the former from reverting to the use of force to assert its aims.<sup>20</sup> For the past thirty years, ASEAN has attempted to create a Code of Conduct (CoC) for its member states and partners that would guide their interactions in the SCS. The PRC has ignored this initiative and cultivated closer ties with ASEAN members who do not have an immediate stake in the SCS. Cambodia, for example, has enjoyed increased bilateral trade (nearly \$5 billion US between 2011 and 2015 alone) with China with the implicit understanding that it will support Beijing's

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<sup>18</sup> Association of Southeast Asian Nations, "About ASEAN," accessed 19 October 2019, <https://asean.org/asean/about-asean/>

<sup>19</sup> *Stong, Secure, Engaged* calls for increased Canadian engagement with ASEAN. Whether this will remain the case given the PRC's political manoeuvring remains to be seen. Department of National Defence, *Strong, Secure, Engaged: Canada's Defence Policy* (Ottawa: DND Canada, 2017), 92.

<sup>20</sup> Leszek Buszynski, "ASEAN, Grand Strategy, and the South China Sea" in *Great Powers, Grand Strategies: The New Game in the South China Sea*, ed. Anders Corr (Annapolis: Naval Institute Press, 2018), 123.

claims in the SCS.<sup>21</sup> A similar policy has been pursued with Laos while Malaysia, a key PRC trading partner, has been acquiescent to China's assertiveness so as not to imperial relations between the two countries. ASEAN, the prominent body for stability and cooperation in the region, has been made *de facto* subordinate to Beijing's interests, and can no longer be relied upon to stabilize the SCS in a fair and impartial manner.

12. From Beijing's perspective, the re-shaping of the SCS on its own terms serves as proof that the PRC is by far the most powerful nation in the West Pacific. If the PRC can alter maritime boundaries to its benefit while both disregarding the international rule of law and incurring no major penalty from either the other great powers (i.e. the US) or international governing bodies (e.g. the United Nations), then it is free to adopt similar policies elsewhere around the world. As one example, the PRC may become more aggressive in pursuing its claim to territory that spans both sides of its border with India. The leadership of the PRC, buoyed by its success in the SCS, may proceed with similar expansion elsewhere, increasing the dangers of major conflict in Asia. Any such confrontations will come at a high cost for those nations involved, and may have the potential to escalate into a global war.

## **CONCLUSION**

13. The PRC's policy of dominating the SCS poses numerous defence and security challenges for the international community in general and China's neighbours in particular. In order to contain Beijing's military ambitions and to reduce the chances of

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<sup>21</sup> Zhou, Laura and Sarah Zheng. "China pledges more investment in Cambodia, but is Phnom Penh selling itself short?" *South China Morning Post*, 14 January 2018. Accessed 16 October 2019. <https://www.scmp.com/news/china/diplomacy-defence/article/2128118/china-pledges-more-investment-cambodia-phnom-penh>.

major conflict within the region, responses to PRC provocations must be measured, visible, and timely. The SCS AO will only grow more challenging in the near term, and will provide Beijing with yet another venue in which to challenge other nations as it seeks supremacy in the 21<sup>st</sup> century. Given the PRC's militarization of the SCS, CAF ships and aircraft must be prepared to operate under high stress in a contentious AO. As Beijing seeks to fortify the SCS as "its" sea, PRC control must be challenged by foreign vessels exercising their legitimate right to FoN. This includes RCN warships, either operating independently or as part of an allied formation (e.g. a USN carrier battle group). A strong message must be consistently and frequently sent to Beijing: it does not own the SCS, and will not be allowed to do so.

## **RECOMMENDATION**

14. CAF assets operating in the SCS – warships in particular – may be intercepted, escorted, harassed, and otherwise pressured by PRC conventional and unconventional forces. This demands robust Rules of Engagement (ROE) for CAF units, and clear direction and guidance for RCN vessels regarding interactions with forces such as the PAFMM. It is recommended that Canada demonstrate a sustained commitment to its allies and partners in the West Pacific by creating standing CAF deployments in the region. Specifically, the RCN should adhere to its principle of forward posturing<sup>22</sup> and maintain the permanent deployment of a major warship in the area as part of Op PROJECTION, above and beyond any period commitments made under Op NEON. Such a vessel should not only execute independent operations, but should also be

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<sup>22</sup> Department of National Defence, *Leadmark 2050: Canada in a New Maritime World* (Ottawa: DND Canada, 2016), vi.

regularly attached to American, Australian, or British naval task groups transiting the SCS. Such actions will display that Canada is firmly committed to ensuring peace and stability in the West Pacific, and may cause Beijing to reconsider pursuing similar policies elsewhere. If successful, this counter to PRC aggression may stabilize the region and decrease the chances of a major conflict breaking out in the 21<sup>st</sup> century.

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