



# THE SOUTH CHINA SEA: RESETTING THE CHESSBOARD

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*The U.S.' re-engagement in the Asia-Pacific marks a significant recalibration of its foreign policy and a turning point in the power politics of the region. The impetus for this re-engagement is borne largely from the simmering dispute over the South China Sea and growing militarization.*

Sovereignty over the Spratly and Paracel Islands in the South China Sea (SCS) is continually cited as one of the most important security issues for the twenty-first century. The SCS is believed to contain significant reserves of deep sea minerals and hydrocarbons; some estimates compare the quantity of gas to that of Qatar. Additionally, and perhaps more importantly for the wider region, the waters around the potentially resource-rich islands is one of the most heavily trafficked Sea Lines of Communication (SLOCs) in the world, making them a key concern for the region and the world economy. If access were inhibited, maritime trade – a key component of 90 percent of all international trade – would meet with costly delays. The result would be a devastating ripple effect on the wider global economy. Similarly, any conflict in the SCS could draw the navies of the world to the brink of war. The increasing militarization of the region is a growing concern for Asia and the international community at large.

As well as the immediate claimants in the SCS – China, Vietnam, the Philippines, Brunei and Malaysia – other countries in the region have entered the dispute to ensure the security of trade flows through the SCS and the stability of the region. Further, the key claimants, as well as Australia, Japan, and India, have all recently contracted significant improvements to their naval capacities and many have engaged in large-scale joint-naval exercises with the U.S. and India. Concern over the SCS and the rise of China has led to a significant recalibration of U.S. foreign policy and has shifted the scales of power in the region. As U.S. President Barack Obama stated in an address to the Australian parliament in November 2011, the U.S. has “made a deliberate and strategic decision, as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future.”

## ***Marines, Submarines and the Regional Response***

In November 2011, as part of this re-engagement, the U.S.

opened a naval base in Darwin, Australia. Some 2,500 U.S. Marines will be stationed there. The move increases the U.S. presence in the region adding to the ~30,000 U.S. personnel currently based in Japan, ~28,000 in South Korea and ~38,000 in Hawaii. According to official U.S. Department of Defense figures, almost 22,000 Marines were stationed in the East Asia-Pacific region in September 2011, a 20 percent increase on the previous year. U.S. Navy personnel in the East Asia-Pacific region also increased by 80 percent to 18,302.

Japan, the regional naval powerhouse, has also become more active and begun military cooperation with the Philippines and will stage joint naval exercises this year with India. This is not surprising given that almost 90 percent of Japan's energy passes through the SCS. Vietnam last year announced the purchase of six diesel-electric Kilo-class submarines from Russia that should be operational by 2014. India made a similar purchase some years ago and has agreed to share its operational know-how of the vessels with Vietnam, who also purchased eight Sukhoi Su-30MK2 fighter jets. Indonesia is also increasing its naval capacity. In December, South Korean company Daewoo agreed to build three diesel powered 1,400-ton class submarines for Indonesia – Jakarta has been searching for a contractor since 2007.

Australia is contracting the design and construction of 12 new submarines to replace its aging Collins-class fleet of six vessels. If European off-the-shelf submarine designs are contracted the fleets could operate together, seeing Australia's submarine fleet trebled. The Future Defence Submarine Project will mark Australia's largest ever defence initiative, indicating current concerns in Australia's defence elite. In 2010, following the release of a Australian Defence white paper, Defence Minister Stephen Smith emphasized the importance of U.S. cooperation in future naval exercises.

The 2013 release of the Boeing-built P-8 Poseidon, an aerial surveillance aircraft with anti-submarine warfare capabilities, may also have a wide impact on the security of the



region. India has ordered twelve, and, after an initial expression of interest, a decision from the Royal Australian Air Force is pending

In January, China's Assistant Foreign Minister Liu Zhenmin urged Asian countries to do away with "cold war mentalities" in dealing with complex regional issues. Yet, despite this request, alliances are being formed in the region and they will likely present future problems.

### A "core national interest"

The strategic importance of the SCS for China is two fold – control of a crucial SLOC and the capability for maritime access denial, as well as access to significant energy resources for a hungry Chinese economy. Many analysts indicate that the U.S. re-engagement in the region is in response to China's 2010 declaration that the SCS is of "core national interest." Previously, the use of such rhetoric has been reserved solely for Taiwan and Tibet. It is therefore not surprising that many see this as a significant recalibration of China's foreign policy. Recent posturing by China, and a string of international maritime incidents, would indicate this to be the case. This policy shift has been bolstered by the sixcentenary celebrations of China's most famous sea voyages by Zheng He, one of world's first great seafarers. Articles in the government-run Chinese daily newspaper, *The Global Times*, have demonstrated more bellicosity. One example is the September 2011 article titled, "Time to teach those around South China Sea a lesson." As a result, it is becoming increasingly difficult for China to back down in the territorial dispute given the rising nationalist sentiments over the issue in China.

In order to avoid conflict military confidence-building measures (as defined in "China's National Defense in 2010" white paper) between the U.S. and the PLA need to increase, as well as greater regional dialogue. These measures are not in themselves solutions to rising tensions, but they are, nonetheless, productive in averting open conflict. Some agreement has occurred over the past 12 months, most notably the signing of an agreement between China and Vietnam to create a hotline

for emergencies and bi-annual meetings to discuss issues relating to the SCS. However, in order to be effective, these agreements need to be inclusive and regional rather than exclusive and bi-lateral. Unfortunately this approach is unlikely as the bi-lateral negotiations give China the upper hand.

Some analysts are now discussing the "Finlandization" of the region. The likeness is appropriate – China's strategy in the region is that of any burgeoning power; it asserts its influence through divide and rule, sticks and economic carrots (such as described in ISDP Policy Brief No. 78 on China's near-monopoly of rare earth elements). It has led Asian states to bicker among themselves, further weakening their positions. Smaller Asian states are simply unable or unwilling to front up to China in a David and Goliath battle. This has been a catalyst for U.S. re-engagement in the region and for growing regional militarization, but also indicates the possibility of a new Cold War scenario, as the U.S. and China lock horns.

### Resetting the Chessboard

Greater attention by the U.S. in the Asia-Pacific region, at least in the short-term, has reset the chessboard, one previously dominated by China. However, it also has the potential to further destabilize the region. Should the global economy fall back into recession, Beijing may be forced to increase nationalist rhetoric to stave off the unrest that mass unemployment would inevitably bring. For such rhetoric the South China Sea dispute offers perfect fuel for fire. While open conflict does not appear imminent given current Sino-U.S. economic co-dependence, these escalations – naval build-ups, tense dialogue, and an uncertain economic outlook – coupled with the lack of confidence-building measures, merit the issue ever closer attention from the international community.

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