

Conflict & Security

The Sino-Vietnamese Standoff in the South China Sea

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The past summer was a tempestuous one for Sino-Vietnamese relations. In May and June 2011, Vietnam accused China of deliberately cutting the cables of oil exploration vessels in the western Spratly Islands, calling the second incident a “premeditated and carefully calculated” attack. China responded by accusing Vietnam of “gravely violating” its sovereignty by conducting “invasive activities.”¹ Both sides flexed their muscles by holding naval exercises in the disputed area, and Chinese state-owned media warned Vietnam of possible military “counterstrikes.”² In July, Vietnam reported that Chinese forces beat a Vietnamese fishing captain and drove his ship out of disputed waters.³ In Hanoi and Ho Chih Minh City, protesters vented anger at China in a series of rare public demonstrations. Tensions arguably reached their most dangerous level since the two former Cold War adversaries normalized relations in 1991.

Both China and Vietnam have sought to mobilize diplomatic support abroad and manage rising nationalism at home. Vietnam has been more successful at courting international support, but in broadcasting its grievances it has aroused nationalist forces at home and abroad that could jeopardize a negotiated solution. China is also constrained,

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criticized for its “assertive” behavior abroad while facing domestic demands to take a harder line. Both states recently agreed to return to the negotiating table, but they remain far apart on questions of territorial sovereignty, and the dispute continues to feed into powerful currents of nationalism and popular frustration in both countries. These domestic forces exacerbate the difficult task of forging a peaceful resolution to the complex multiparty dispute in the South China Sea.

A Mounting Dispute. The Sino-Vietnamese feud is part of a tangled web of competing sovereignty claims to the Paracel and Spratly chains and surrounding South China Sea. Chi-

The real prizes are the vital sea-lanes and fishing areas beside them and the energy-rich seabed below.

International law provides no easy resolution. Applying the 1982 United Nations Convention on the Law of the Sea, which all claimants except Taiwan have signed, would first require determining who owns the various land formations. If all claimants consented, they could submit their disputes to the International Court of Justice or International Tribunal for the Law of the Sea. China has refused to do so, however, as the most powerful claimant with the most to lose.

In 1992, China passed a law declaring ownership of nearly the entire South China Sea.⁴ The Association

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na has occupied the Paracels—a cluster of roughly 30 islets, sandbanks, and reefs—since 1974, when China attacked and expelled South Vietnamese forces. The more complex Spratly dispute pertains to hundreds of small islands, reefs, cays, atolls, and other land formations south of the Paracels, closest to the shores of Malaysian Borneo and the Philippines. China, Taiwan, and Vietnam claim all the Spratlys, while the Philippines and Malaysia claim territories close to their respective shores, and Brunei claims part of the seabed. China and Vietnam fought briefly when Chinese personnel moved onto several reefs in 1988. Today all claimants save Brunei occupy some of the land features, which have little value themselves.

of Southeast Asian Nations (ASEAN), which Vietnam later joined in 1995, issued a declaration advocating peaceful dispute resolution and a regional code of conduct.⁵ ASEAN also issued an unprecedented call for U.S. forces to remain engaged in the region and took steps to accommodate the U.S. Seventh Fleet through a system of “places not bases” that continues to facilitate the regular deployment of U.S. vessels in the region.⁶ China temporarily backed off, saying it would “shelve” the issues and pursue peaceful negotiations.⁷ In 1995, however, China built a small military installation on Mischief Reef and sent patrols to other disputed reefs and shoals. The Philippines responded by re-energizing defense ties

with the United States and tabling a draft code of conduct with Vietnam at the 1999 ASEAN Summit. Seeking to improve Sino-ASEAN relations and concerned about U.S. re-engagement, Beijing signed the 2002 Declaration on the Conduct of Parties in the South China Sea,⁸ which called on parties to resolve disputes peacefully, “exercise self-restraint,” and adopt a code of conduct.⁹ Several years of relative calm followed.

Since 2009, tensions have risen sharply. Rising economic stakes are partly responsible. Although the amount of energy resources is uncertain, one Chinese estimate suggests that 213 billion barrels of oil could lie beneath the seabed—comparable to the reserves of Kuwait and vastly exceeding a 1994 U.S. government estimate of 28 billion barrels.¹⁰ Experts also believe the seabed is rich in natural gas deposits, further encouraging claimants to prevent rivals from establishing footholds. The South China Sea is also a central thoroughfare (and potential jugular vein) for Asia’s booming maritime trade. Moreover, many coastal fishing communities earn their livelihoods from the disputed waters, adding to the dispute’s political and economic sensitivity.

A related cause for tension is China’s growing naval power, which has given it the capability and evident willingness to enforce its claims more assertively. The People’s Liberation Army Navy (PLAN) has pursued robust expansion and modernization over the past decade, often in a non-transparent manner that increases concerns among China’s neighbors. In early 2008, Western defense analysts discovered a

new naval base on Hainan Island that could house nuclear submarines and aircraft carriers.¹¹ Since 2009, Chinese ships—often armed vessels bearing no explicit naval insignia—have expanded patrols and intimidated fishermen and energy exploration boats on numerous occasions. In 2011, China announced the launch of its first aircraft carrier. The PLAN’s capabilities remain limited beside the U.S. Navy but cast a formidable shadow across other claimants in the South China Sea. Most analysts forecast significant further PLAN expansion.

Eager to defend their interests against a rising China, smaller states have tried to boost their own naval capabilities—exemplified by Vietnam’s recent \$3.2 billion purchase of six Kilo-class Russian submarines—and have tried to exercise de facto sovereignty by conducting oil and gas exploration or fishing in waters they believe to be their own. They have sought to pool their clout diplomatically and enlist U.S. support. U.S. policy is crucial because the U.S. Navy alone has the capabilities to credibly counterbalance the rapidly modernizing PLAN in the years ahead. Although the United States has no evident intent to wage war over the Paracels or Spratlys, its interests in maintaining freedom of navigation and preventing Chinese regional hegemony have inclined the United States to favor the weaker claimants.

China has bristled at its neighbors’ balancing efforts, which it perceives as a form of neo-containment, setting off a modest spiral of diplomatic and military measures and countermeasures. From China’s perspective, it has been far too accommodating in the past,

allowing Vietnam and other nations to revise the status quo unilaterally. China sees its recent actions as standing up for its rightful interests. This is one reason why conflict between Vietnam and China over the South China Sea is so dangerous: each side believes in the legitimacy of its claims and actions.

Asymmetric Diplomatic Strategies. In addition to seeking long-term support for their claims, both China and Vietnam face the immediate diplomatic challenge of convincing third parties to take their sides. China contends that Vietnam's needless provocation has upset the peace. Vietnam counters by framing the problem as one of unchecked Chinese aggression. The two countries' diplomatic strategies essentially mirror one another, reflecting the material power asymmetry between them. Vietnam's strategy, as in the 1990s, is to "multilateralize" the dispute by raising it in regional forums and "internationalize" the issue by involving the United States and other major powers. China sees multi-party talks as a way for its smaller neighbors to gang up on China, with the United States, Japan, India, and others hovering behind them. China instead seeks to keep the dispute in bilateral channels, where it can use its superior military and economic might to extract concessions.

To date, Vietnam has been more successful than China in its diplomatic efforts. Vietnam used its rotating chairmanship of ASEAN to focus attention on the dispute. The Philippines and others have also helped push the item onto regional agendas. During his first visit to the Shangri-La dialogue in June

2011, Chinese defense minister Liang Guanglie was greeted with a chorus of concerns about the South China Sea. The dispute was also featured in talks at the East Asia Summit in Bali the following month. Vietnam has loudly broadcast incidents of alleged Chinese attacks on energy exploration vessels and fishermen, helping draw international media attention to the issue and portray China as the aggressor. Although some officials around the region have privately criticized Vietnam for provoking Chinese anger, ASEAN has largely supported Vietnam in calling for a multilateral resolution.

Vietnam has also had some success "internationalizing" the issue, largely due to convergent U.S. strategic interests. At the July 2010 ASEAN Regional Forum in Hanoi, U.S. Secretary of State Hillary Clinton declared that the United States had a "national interest" in the South China Sea.¹² In July 2011, Vietnam's navy held a non-combat training exercise with U.S. forces and signed a military medical cooperation agreement afterward. Both developments are signs of the most significant defense opening between the two in decades.¹³ PetroVietnam, the state-run oil and gas monopoly, has forged partnerships with U.S. and other Western oil firms, both for commercial reasons and to give foreign powers a stake in the territorial dispute.

Vietnam has skillfully navigated the triangular relationship with China and the United States, using U.S. engagement and bilateral talks with Beijing to keep tensions under control. By elevating the dispute with China only after Clinton's speech signaled a renewal of U.S. interest, Vietnamese leaders

avoided the missteps of other leaders who have sought U.S. assistance, such as Taiwan's Chen Shui-bian, who earned the wrath of the Bush administration for exacerbating tensions with China despite U.S. warnings.

scare China away from serious multi-lateral engagement, justify large PLAN budget requests, fuel nationalism in China, and reduce space for face-saving compromise. A more confident China could also attempt to call Vietnam's

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By contrast, China has been relatively isolated on the issue and has had to play diplomatic defense. At the Shangri-La dialogue, Liang insisted that China will follow "the path of peaceful development" and will "never seek hegemony or military expansion."¹⁴ Such statements have not stemmed the flow of accusations from its neighbors, especially when coupled with stern Chinese warnings and continued maritime incidents. Beijing has tried to block multi-lateral initiatives, resisting proposals to bring the dispute to the International Tribunal for the Law of the Sea and dragging its feet on a binding code of conduct. It did, however, ink a set of non-binding guidelines with ASEAN in July 2011.¹⁵ Beijing has also tried to deter "internationalization," criticizing the timing of the recent U.S.-Vietnam naval exercises and publicly warning Hanoi and other capitals that Beijing "firmly opposes attempts to internationalize the South China Sea issue, which should only be resolved bilaterally."¹⁶

Although Vietnam has been somewhat more effective than China in framing the dispute diplomatically, Hanoi's strategy is not without risks. Balancing too assertively against Beijing could

bluff by testing the extent of the U.S. security commitment. Although U.S. policy favors the smaller South China Sea claimants, the extent of help the United States would offer in a crisis is uncertain. Even absent war, China can punish Vietnam economically. China accounts for roughly \$20 billion in two-way trade, rapidly climbing investment, and substantial aid for infrastructure and other projects in Vietnam.¹⁷ These concerns may explain why Vietnam has recently returned to bilateral talks with China, signing an October 2011 agreement to resolve the issue peacefully and setting up a new bilateral hotline to deal with crises.¹⁸

Rising Nationalist Forces. In managing the dispute, both China and especially Vietnam have had to consider domestic political pressures. Following the Sino-Vietnamese maritime altercation in May 2011, Vietnamese protesters took to the streets of Hanoi and Ho Chih Minh City. In contrast to similar anti-Chinese demonstrations in 2007, which Vietnamese authorities dispersed after two weekends, the 2011 protests were largely tolerated for eleven consecutive weekends. The Vietnamese government denied organizing

them. In early June, Deputy Minister of Defense Nguyen Chi Vinh described the protests as “totally spontaneous” and added that the rallies “should not happen again.”¹⁹ Nevertheless, the authorities allowed additional protests to occur the following week.²⁰ The government was loath to crack down, partly afraid of appearing “anti-nationalistic” and perhaps hoping the protests would communicate to China and international audiences the extent of public outrage in Vietnam.²¹

In late June, evidently concerned that protests could turn against the government or further complicate Sino-Vietnamese relations, Vietnamese authorities issued a joint press release with their Chinese counterparts that emphasized “the need to steer public opinions along the correct direction, avoiding comments and deeds that harm the friendship and trust of the two countries.”²² By then, however, the protests had significant momentum, and demonstrators began accusing the government of being too soft on China. In July, twenty prominent intellectuals petitioned the Communist Party politburo and chairman of the National Assembly, arguing that only sweeping political reforms would prevent Chinese “penetration and disruption of all aspects of our economic, political and cultural life.”²³ Days later, police broke up a protest beside the Chinese Embassy in Hanoi, arresting approximately fifty-five people—underscoring the sincerity of the government’s expressed desire to quell protests.²⁴ A few hundred people nevertheless marched in Hanoi the following week, with some angry at the government crackdown.²⁵ The Hanoi police chief issued a public explanation

and apology, which protesters interpreted as an indication that they would be allowed to proceed, and demonstrations recommenced in Hanoi in early August.²⁶

Vietnam’s decision to allow the protests has drawn attention to the dispute and generated sympathetic international media coverage, perhaps helping legitimize Vietnamese pleas for international support.²⁷ Some Vietnamese demonstrators have criticized their leaders for being too weak, however, which may reduce the government’s ability to compromise. In theory, this could form part of a deliberate strategy, but it is unclear whether the Vietnamese demonstrations have induced China to back down. In this regard, China may view Vietnam’s protests through the lens of its own experience with nationalist protests. Its exhortations to control public opinion stem from a belief that Vietnam’s anti-China demonstrations are carefully managed, reflecting real popular anger that has nonetheless been fed over the years by official history textbooks. As Professor Pan Jin’e of the Chinese Academy of Social Sciences noted in June:

What Vietnamese officials are saying may be intended for China to hear, but mostly it is intended for their domestic public. Indeed, in July Vietnam will hold the next round of legislative elections, which will elect the next premier.... The conflicts in Sino-Vietnamese history have created a deep sense of estrangement among Vietnamese. Their history textbooks have always called China an invader, historically

up through the 70s and 80s. Vietnamese youth have grown up reading this kind of history, so naturally they feel an enmity toward China.²⁸

Given Vietnam's past willingness and ability to shut down online and offline expressions of nationalism, the most recent rounds of anti-China protests in Vietnam do not appear to have compelled a change in Chinese thinking. If anything, they may be stoking nationalism in China. The official Chinese press has paid only modest attention to the protests in Vietnam, but commercial media outlets have covered the dispute heavily. Considerable anger at Vietnam is apparent in Chinese chat rooms, where nationalists accuse Beijing of being too accommodating toward their smaller southern neighbor. In late July, Chinese nationalist activists circulated an online petition condemning the non-binding guidelines between China and ASEAN as "treasonous."²⁹

Implications Going Forward.

In the near term, major armed conflict appears unlikely. Although Vietnam is clearly outmatched in military capabilities, using force would also carry substantial risks for Beijing. The use of force would undermine China's charm offensive in Southeast Asia, which has already worn thin. Defending the distant Spratly Islands would be difficult for the PLAN, especially if the United States came to its rivals' aid. Armed conflict would also scuttle proposed plans for joint energy exploration and development.

Despite the economic and security costs of conflict in the South China Sea, there remains a significant dan-

ger of escalation. Small-scale altercations, unilateral exploration of seabed resources, and expanded naval patrols and exercises will likely continue to occur as both sides jockey for a stronger negotiating position and seek to appease domestic political audiences. The greatest danger is that such skirmishes at sea will refract through domestic politics in both China and Vietnam, reducing options for a negotiated settlement and raising the risk of political and military escalation. Each spat strengthens the hands of interest groups within China—such as nationalists in the PLAN, energy companies, and provincial governments—that seek to enforce claims in the South China Sea more assertively. In Vietnam, future clashes will arouse further public anger and frustration with the Communist Party. In both states, the temptation to indulge or accommodate domestic nationalist demands and aligned interest groups will be strong, raising the likelihood of conflict.

A peaceful resolution will require both governments to manage nationalism responsibly. In the past, both have used nationalist narratives to direct public ire outward and bolster their domestic legitimacy. Both have also used nationalism to draw international attention and signal their resolve. If both sides continue to do so, the room for compromise will shrink, increasing the risk of military escalation.

Similar principles apply to China's relations with other Asian states on its periphery. Many such states, like Vietnam, are actively engaged in efforts to "internationalize" disputes through regional bodies and limited alignment with the United States. Their strategies

carry many of the same strengths and hazards as Vietnam's. The Philippine government has rechristened the South China Sea the "West Philippine Sea," taken a strident line against China, and sought assurances from its U.S. treaty allies. Taiwan has announced

conflict.

Whether China will agree to the plan is in question. In late October, the *Global Times*, a nationalist subsidiary of the *Chinese Communist Party's People's Daily*, warned that China would start with multilateral diplomacy but that oth-

The United States has a pivotal role—not in confronting China directly, but in even-handedly enforcing the key principles of freedom of navigation and peaceful dispute resolution.

plans to deploy missile boats to the Spratly Islands. Malaysia and Indonesia have pushed for ASEAN states to come together and discuss their conflicting claims. Small protests in the Philippines suggest that nationalism is rising elsewhere in Asia, encouraged by fiery political rhetoric. Those domestic dynamics pose the greatest dangers of conflict in the South China Sea.

Negotiating a solution will require rising above domestic politics and mixing bilateral and regional talks, perhaps involving ad hoc groups nested within the broader East Asia Summit and ASEAN Regional Forum. In October 2011, Vietnamese President Truong Tan Sang agreed to support a Philippine proposal to establish a multilaterally negotiated "Zone of Peace, Freedom, Friendship, and Cooperation" in the South China Sea. The proposal aims to demilitarize the disputed area, set more binding rules of conduct, and engage the parties in joint development schemes and other forms of cooperation that could deliver the seabed's payoffs without embroiling the region in

er claimants should "prepare for the sound of cannons" if others did not change their approach, as "that may be the only way for the disputes in the seas to be resolved."³⁰ Asked whether the editorial represented official policy, Chinese Foreign Ministry spokeswoman Jiang Yu only stated that Chinese "media have the right to comment and editorialize, and we trust that they will report truthfully, objectively, and responsibly."³¹

The United States has a pivotal role—not in confronting China, but in supporting the principles of freedom of navigation and peaceful dispute resolution. The goal of diplomacy should not be to achieve a definitive one-off settlement, which is highly unlikely. It should instead be to manage the dispute responsibly and provide political space and incentives for the leaders of China, Vietnam, and other claimants to invest in cooperative measures and avoid embroiling the region in conflict. Multilateral talks toward a stronger code of conduct are a good place to start.

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