THE SOUTH CHINA SEA DISPUTE: BRIDGING POSITION AND MOTIVATION FOR CHINA, VIETNAM, AND THE PHILIPPINES

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I humbly dedicate this work to my grandma, Bà Nội. May good health and longevity accompany you.
ABSTRACT

The purpose of this study is to investigate the motivations behind the positions held by China, Vietnam, and the Philippines regarding the South China Sea dispute. Interviews, governmental speeches and documents, *notes verbales*, treaties, and data generated by various governmental agencies were among the sources used to quantitatively and qualitatively explain their positions. It argues, generally, that the policies of the three nations are meant to address other, mainly domestic, but also international, concerns of an economic, political, military, and social nature, both current and historical. Specifically, China’s is vague, non-conforming, maximalist, and aggressive, yet measured, and is intended to maintain its stature as a world leader, which in turn helps in terms of regime survival and support at home. Vietnam’s is nationalistic, expansionistic, and protectionist in its position as well as continuing uninhibited oil and natural gas exploration in which it favors foreign sales. These positions reflect its historical fear of and resistance to external encroachment, its general policy orientation toward popular mobilization and control of the population, and its emphasis on economic security. The Philippines’s position, being the weakest and least effective bilaterally or multilaterally, is mainly rhetorical and meant for domestic, political consumption. It therefore focuses on legalistic approaches while promising to accommodate internal power centers, and notably the military. It aims to use whatever windfall there might be from the SCS’s oil and gas reserves to combat socioeconomic inequalities and rectify its tarnished national identity internally and externally.
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CHAPTER 1. INTRODUCTION

The South China Sea is a marginal sea enclosed by the Philippines to the east, Malaysia to the south, Vietnam to the west, and Taiwan to the north, encompassing a myriad of islands, atolls, cays, shoals, reefs, and sandbars from the Strait of Malacca to the Strait of Taiwan. It has served as a historical medium of connectivity, facilitating maritime trade, transportation, knowledge, religion, art, and culture. Mariners of different origin inside and outside of Southeast Asia have long depended on this region to exchange goods and ideas. Besides connecting the region to the global maritime network, the South China Sea offers invaluable resources such as fisheries and oil. Like the ships of various shapes and sizes sailing contemporaneously, patrons of this sea had coexisted relatively harmoniously generating formidable relations with each other whether through trade, religions, or politics.

Yet, within the last century, clashes between nearby littoral states using physical or political means shattered that tranquility. All six nations enclosing the region, Brunei, the People’s Republic of China, Taiwan, Malaysia, Vietnam, and the Philippines, are in dispute over delimiting their territory. China, Vietnam, and the Philippines, have been the most active in terms of contesting others’ claims, establishing presence, and exercising force. Despite being involved in the same dispute, each nation has approached the problem differently.

This paper aims to uncover the motivation behind the different positions held by China, Vietnam, and the Philippines. It argues that the different policies of the three nations are meant to address other, mainly domestic, but also international, concerns of an economic, political, military, and social nature, both current and historical. Specifically, China’s is vague, non-conforming, maximalist, and aggressive, yet measured, to maintain its stature as a world leader
which in turn helps in terms of regime survival and support at home. Vietnam’s is nationalistic in its expansionistic and protectionist features and is uninhibited in its oil and natural gas exploration in which it favors foreign sales. These positions reflect its fear of and resistance to external encroachment, mobilization and control of the population, and emphasis on economic security at the expense of other priorities. The Philippines’s position, being the weakest and least effective bi-laterally or multilaterally, is mainly rhetorical and meant for domestic, political consumption, but uses its strengths, so is focused on legalistic approaches while promising to accommodate internal powers such as the military. It aims to use whatever windfall there might be from the SCS’s oil and gas reserves to combat socioeconomic inequalities and rectify a tarnished national identity internally and externally.

Primary sources such as governmental speeches and *notes verbales* were analyzed to determine the relationship between national concerns and positions according to the central decision makers of each country. Excerpts from interviews with important governmental officials were also incorporated into the analysis. News articles reporting incidents regarding the dispute were utilized. Additionally, to quantitatively determine the importance of certain issues such as China’s energy security, this paper generated statistical comparisons based on primary data collected and produced by the Chinese government along with information published by other governments such as the US. Energy Information Administration. Research from other scholars was primarily used to reinforce the findings of this research. Thus, both quantitative and qualitative approaches were applied to address the issue of how the central decision makers of each country linked the South China Sea dispute to their national concerns.
CHAPTER 2. OVERVIEW OF THE SOUTH CHINA SEA DISPUTE

Since the 14\textsuperscript{th} century, the South China Sea (SCS) has been regarded among surrounding littoral states as a fertile fishing ground and a “highway” for intra- and extra-regional trading. As part of the broader “Maritime Silk Road” whose extensiveness surpassed its land counterpart, the South China Sea enabled exchanges in material and ideas for various coastal communities participating in the trade network.\textsuperscript{1} The relationships between the coastal states back then were not as quarrelsome as they are today. There has been a historical change. The American Journal of International Law ascribed the upheaval of tranquility to the period in the 1970s when the littoral countries began exerting physical control over the Paracel Islands, Spratly Islands, and Scarborough Shoals whose names differ depending on the referring country.\textsuperscript{2} Providing for the seafood market, e.g., leopard coral trout, tiger grouper, and camouflage grouper, was the primary concern prior to 1970s; and claims over the islands did not have the same level of legal, political, and economic significance that they do presently. Figure 1 cartographically displays the 3.5 million square kilometers area of the dispute with the locations of the three main archipelagos.

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A key reason for the dispute is the introduction of the exclusive economic zone, or EEZ. This notion was initiated in the Third United Nations Convention on the Law of the Sea (UNCLOS) in 1973. According to the UNCLOS Part VIII Article 121, an island is entitled to a 200 nm EEZ along with a 12 nm territorial water and 12 nm contiguous zone.\(^4\) Within the EEZ, a state has sovereign rights over the natural resources, whether living or non-living, below the surface of the water. Because of this new territorial delineation and its entitlement for an increased area of sovereignty, various countries found themselves in disputes where their entitled 200 nm overran others’. Figure 2 illustrates the EEZ claims put forth by the littoral states in the South China Sea and underscores the overlapping that has led to the disputes.

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Figure 2: Territorial delineation by claimants in South China Sea.\footnote{Gregory B. Poling, *The South China Sea in Focus: Clarifying the Limits of Maritime Dispute* (Washington D.C.: Rowman & Littlefield, 2013).}

The islands within the South China Sea complicate the dispute further. The Paracel Islands, Scarborough Shoals, and Spratly Islands span a significant portion of the South China Sea and are located in part within the overlapping region. Since islands are afforded their own EEZ, sovereignty over an island means having exclusive rights to the 200 nm in its surrounding water. Therefore, nations began demonstrating in different ways that they control these islands in order to side-step the outstanding overlapping maritime claims.

The rewards are lucrative. Gaining an islands’ EEZ means gaining less depleted fishing grounds. As trawlers industrialized and incorporated new technologies to obtain a greater catch, coastal fisheries have been depleted. Fishermen are venturing further from the coast in search of more fertile fishing grounds. Many of the islands and insular features have coral reefs surrounding them. Consequently, they are home to popular coral fish that are widely consumed in the nearby littoral states such as the various grouper species.
Beyond the resources in the water column, an EEZ also provides rights to natural resources in the seabed. Prospects of oil and natural gas, moreover, have piqued the interest for all claimants. The South China Sea lies within the Eurasian Plate and Sunda Shield dominated by tertiary-aged petroleum.\(^6\) Among some of the first explorations was the Indonesian company owned by Jan Zijlk who founded the first oil field name Telaga Said in North Sumatra in 1885 just 26 years after the Drake well drilling in the United States which is considered as the worldwide pioneer.\(^7\) Since then, hydrocarbon explorations and discovery of petroleum systems have all increased. Yet, exploration farther away from the coastal areas have been limited by inadequate technology, petroleum geochemistry theories and techniques, seismic sequence stratigraphy analyses, seismic acquisition, and processing techniques.\(^8\) These factors and a host of others such as economic risks and political instability have combined to limit explorations to littoral water. Figure 3 shows the various exploration sites constrained to littoral waters. With better geological surveying techniques in recent years, oil explorations are venturing farther away from shore. For example, the Zhanjian Branch of China National Offshore Oil Corporation was able to obtain oil and gas in the deep water in the northern South China Sea in 2014, which was made possible with a new technique that utilizes multi-domain association amplitude preserving and muting, integrated high-fidelity noise removal (LIFT), and plane wave migration. These technological advances generated high-accuracy seismic data to better locate the oil and

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\(^7\) Ibid., 2.

\(^8\) Ibid.
natural gas field.\(^9\) As a result, other deep water locations of the South China Sea, where these islands reside, are becoming even more contested because of new potential deep water oil reservoirs that may lie within their EEZ.

Figure 3: Petroleum extraction showing predominantly littoral tendency.\(^{10}\)

Gaining an EEZ from the islands in the South China Sea can also provide strategic advantage. According to a report by the Central Naval Analysis, over half of the world’s shipping in terms of tonnage travels through this important sea lane.\(^{11}\) A country may impose requirements for transiting through its EEZ. For example, in 1991, Costa Rica issued a decree requiring that every

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\(^{10}\) Ibid.

foreign fishing vessel must apply for a permit for passage or navigation. The ability to approve transit also confers the ability to deny, and possibly the ability to impose a fee. Thus, gaining control of these islands could lead to having influence over half of the world’s shipping. This would undoubtedly afford a state with increased clout in matters such as politics or economics. In other words, the country that controls this important shipping lane can leverage its power on the international stage by having the ability to deny foreign ships to transit through this region toward their intended destinations and forcing them to travel in more circuitous routes that would take more time and cost more money. Additionally, that country could benefit from the fees posed on ships traveling through the region.

The contestation has garnered attention from states outside of the region for various reasons. First, the outcome of the disputes will affect other island disputes. Closely related, for instance, is the dispute between China and Japan over the Senkaku and Diaoyu islands in the East China Sea where both nations clash over sovereignty much like the disputes in the South China Sea. Second, the dispute may trigger non-claimant military involvement. The United States has a “historic” alliance with the Philippines formally codified as the Mutual Defense Treaty whereby it shall provide assistance if the Philippines were attacked. The U.S. claims neutrality in the dispute and hopes to maintain regional stability and freedom of navigation as stated in the current Defense Strategic Guidance. However, the conspicuous concentration of its naval forces and military exercises in this region is a constant reminder of its stand-by forces and that it is indeed not neutral. Last, outsiders’ economic stakes in the region are at risks. India, for example, invested in joint oil developments with Vietnam. Another example is Japan. A country

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heavily dependent on imports, it would like to see safe passage of shipping and fishing through this region.\textsuperscript{14}

The dispute in the region is far from resolution. While a few cases of minor maritime disputes were resolved, such as the delimitation of the Gulf of Tonkin between Vietnam and China, the startling fact remains that all of the overlapping claims shown in Figure 2 are still outstanding. Specifically, the Vietnamese coast; sea area north of Borneo, north of Natuna Islands, and west of Palawan and Luzon; and the South China Sea islands are all area of unresolved disputes. Although many Southeast Asian countries such as Brunei, Malaysia, Vietnam, China, Taiwan, and the Philippines have claims to the various islands (partly or wholly), the focus of this paper will be on China’s, Vietnam’s, and the Philippines’ claim.

While the reasons for obtaining rights to the islands and their resulting EEZ previously mentioned are not exhaustive, they do provide a generalized glimpse of the regional context and of why these islands are highly coveted. However, not all claimants view the islands in the same perspective. Some have shed blood over the dispute while others have only penned their concerns. This paper focuses on three most vigorous claimants, China, Vietnam, and the Philippines, and tries to uncover the motives behind their positions.

\textsuperscript{14} Ian Storey, "Japan’s Maritime Security Interests in Southeast Asia and the South China Sea Dispute," \textit{Political Science} 65, no. 2 (2013).
CHAPTER 3. CHINA

Position

Figure 4: China’s “Nine-Dash Line” map.

China’s position on the South China Sea dispute has been maximal but painfully vague. It is not clear what China actually claims in the dispute. Figure 4 depicts a widely circulated map that shows China’s claim of sovereignty within the circumscribed dashed lines; commonly referred as the “Nine-Dash Line” because there are exactly nine dashes in the drawn line. It was first published in 1947 and reflected previously held conception of rightful Chinese ownership in this region.\(^{15}\) China’s claim to the South China Sea encompasses nearly the entire region; however, neither the map nor China state whether the claim covers the territories, water, or both within the dashed lines. This is an important distinction because the various claims invoke different bodies

\(^{15}\) The previous map was termed “Eleven-Dash Line” map because it had two additional dashes partitioning the Gulf of Tonkin between Vietnam and China published in 1937.
of international law. For example, the Paracel Islands, Spratly Islands, and Scarborough Shoals known to China as Xisha Qundao, Nansha Qundao, and Zhongsha Qundao, respectively, would fall under the category of territorial dispute while the water overlapping other claimants’ EEZ inside the Nine-Dash Line would fall under that of maritime dispute.

Not only is the claim vague, it is also non-conformant to international law. UNCLOS specifies the limit of a state’s authority and sovereignty over the water with increasing distance from the coastline. Accordingly, China’s Nine-Dash Line claim significantly exceeds all statutes under UNCLOS. For example, the Spratly Islands are roughly 600 miles from Hainan, China, which is almost twice the limit of the distance for a state to claim maritime features from its coastline under UNCLOS. Another indicator of China’s non-conformance is the lack of actual coordinates associated with the publication of the Nine-Dash Line map. This is extremely uncommon in any map intended to mark boundaries. Appendix 1 illustrates a proper map with precise coordinates promulgated for a claim of sovereignty that follows international standards.

Though China's public statements might be vague and non-conforming with respect to the status of the Nine-Dash line, its actions make it clear that it takes the boundaries proposed very seriously. Chinese warships and paramilitary vessels are patrolling the region and asserting the enforcement of their claim presently. This has indubitably led to confrontations, primarily with China redirecting foreign ships away from what it believes to be Chinese waters. One of the many cases involved an unarmed U.S. surveillance ship USNS Impeccable. According to the US Navy, the Chinese vessels dropped pieces of wood in the water directly in the Impeccable’s path, and two of the ships stopped directly in the U.S. vessel's path, forcing the USNS Impeccable to
stop.\textsuperscript{16} Garnering more attention has been China’s continuous build-up of artificial islands in what many called reclamation. This activity has been documented in the Paracel Islands, Scarborough Shoals, and Spratly Islands. Figure 5 below illustrates the rapid rate of transformation for the Fiery Cross Reef which now has a 3,000+ meter runway that can accommodate any Chinese aircraft.\textsuperscript{17} The incident with the USNS Impeccable and the transformation of the various terrestrial features like the Fiery Cross Reef demonstrates China’s intractable position that it has sovereignty within the Nine-Dash Line.

![Figure 5: China’s recent land reclamation in Fiery Cross Reef.\textsuperscript{18}](image)

To the extent that China does provide justification for its claim, it does so by mobilizing historical evidence. For example, it states that its claim predates Vietnam’s and the Philippines’ claims which came about in 1956 and 1971—more than 24 years after China’s by the most conservative measurement.\textsuperscript{19} For another example of antiquity, “Nan Hai,” meaning “southern seas,” (the term by which China refers to the area) appeared in the classic poetry book of Shi

\begin{itemize}
\item \textsuperscript{17} “A Fiery Cross to Bear”, Center for Strategic and International Studies http://amti.csis.org/fiery-cross/ (2015).
\item \textsuperscript{18} Ibid.
\item \textsuperscript{19} Gao and Jia, “The Nine-Dash Line in the South China Sea: History, Status, and Implications.” 113.
\end{itemize}
Jing published circa 475-221 BC. Chinese official records showed tributes made to the Imperial Court in the third century AD from the South China Sea inhabitants. Because of its historic supremacy in the region, China feels justified in claiming far away locations from its coastline such as the Spratly Islands. Consequently, the Nine-Dash Line exhibits this sentiment in covering nearly the entire South China Sea.

Despite being aggressive in its position, China has abstained from full military conflict. In January 19-20, 1974, China mounted a fleet consisting of four Hainan class fast attack craft, two mine sweepers, and two fishing boats to attack and defeat a South Vietnamese force of three destroyers and a corvette nearby the Paracel Islands. As a result, it effectively gained control of these islands while Vietnam was relegated to protesting this action to the United Nations. China could have advanced further in claiming more of Vietnamese-claimed territories in the Spratly further south, but it did not. After more than a decade of relative peace and consolidation of its authority over the Paracel Islands, China began aggressively asserting presence in the Spratly Islands. The Peoples Liberation Army Navy chose Fiery Cross Reef to build up its base of power. Vietnam’s protest of China’s increasing build-up here escalated to an armed clash at Johnson Reef on 14 March 1988 where China won and expanded military operations to seven other islands. Surprisingly, a showdown did not materialize. Shortly after, a Chinese delegation headed by Wang Yingfan met with Vietnam’s and other littoral state’s officials to declare that

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21 Ibid.


23 Ibid., 1013.
China would like to achieve resolution through peaceful means and to prevent tensions. These examples highlight China’s aggressive yet measured position in the South China Sea. In short, China’s claim is maximal, ambiguous, and non-conforming in that it does not explicate what it claims in accordance with international standards. It, however, aggressively defended its supremacy in the territory defined by the Nine-Dash Line through the use of coercion using both non-combative and combative vessels. Yet, China carefully ensures that its pugnacious actions will not invoke war with others.

**Motivation**

China’s position in the South China Sea which was previously described as vague, non-conforming, offensive, and measured is formulated to address other national concerns which are regime survival, economic security, military security, and territorial integrity.

**Regime Survival**

While minor parties exist within China’s political system, the Communist Party is so dominant that China is effectively a uni-party state. The state, government, and party, thus, are fused together; regime concerns then are accorded the highest priority domestically and internationally and are often masked as national security. Like many other uni-party states, China’s current leaders are keen on maintaining the status quo and are keen on suppressing any destabilizing forces. Chinese leaders perceive three main threats to their regime: peaceful evolution, bourgeois liberalism, and social instability. To ultimately ensure regime survival

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24 Ibid., 1016.

with respect to the South China Sea dispute, China does not conform to international law to avoid peaceful evolution; and China aggressively denies access to the region for others to inhibit bourgeois liberalism and social instability.

**Peaceful Evolution**

The first threat to regime survival, “peaceful evolution,” is the perception that Western powers are subverting China’s socialist system through non-military strategies.\(^{26}\) Under this view, the South China Sea could be perceived as the new frontier where the West is attempting to gain ideological penetration to China. To illustrate, China is urged to follow the laws set forth by UNCLOS and adjudication of disputes by the International Court of Justice. Because these entities are based on Western ideals and standards, submitting to them is equivalent to allowing Western ideologies to triumph over China’s, who has its own cultural laws and practices for settling disputes. Traditionally, the Chinese have conceived of "law" as consisting of two conceptually distinct aspects: *Li* and *Fa*. *Fa* is punitive law resembling Western codes. *Li*, interestingly, is law based on Confucian propriety which applies differently based on one’s hierarchical order in society often privileging officials, men, and elders over commoners, women, and youth.\(^{27}\) As such, the disputes in the South China Sea may be settled quite differently because China stratifies itself and other claimants on a hierarchy. In other words, Chinese worldview could play an important role in shaping relations with other claimants. William A. Callahan went to great length to examine Chinese academics’ and public intellectuals’ discourse on the rise of China. He concluded that there is an overwhelming consensus promoting an

\(^{26}\) Ibid., 133.

essentialized Chinese civilization that is culturally determined to rule Asia.\textsuperscript{28} With this in mind and China’s long history of the subservient judicial system to the Party, it is very likely that the central decision makers would rely on \textit{Li} as the philosophy, meaning Chinese preferential solutions, to settle the dispute.\textsuperscript{29} Therefore, the insistence of using international systems is simply another “peaceful” way foreigners are undermining its culture in China’s view.

China’s apparent disregard to the 200 nautical mile limit of its EEZ thus far underscores its unwillingness to accept international judgment. The Secretary of State of the Philippines, Albert del Rosario, contesting its claim against China has taken the issue to the arbitral tribunal under UNCLOS on January 22, 2013. Gregory B. Polling, working for the Center of Strategic International Studies and following closely the unfolding events, commented that China has no intention of taking part in it.\textsuperscript{30} The reason was that China had until December 15, 2014 to submit evidence refuting the Philippines’s claim; and until now, China continues to remain silent. Its lack of engagement is a clear signal from China showing its resistance to Western institutions trying to influence its behavior and couched under international normative terms for this instance.

Not only does China abstain from international adjudication, it has consistently refused to define its claim in terms consistent with Western institutional norms. There are three issues with the Nine-Dash Line claim. First, it is not clear if the claim is one of territories. If this were the case, then there is a set of international laws that could settle the dispute provided by the United Nations International Court of Justice. Second, it is not clear if the claim is one of maritime


\textsuperscript{29} Potter, \textit{China's Legal System}, 27.

\textsuperscript{30} Poling.
boundaries. If this were the case, then the United Nations Law of the Sea would provide the method for resolution. Third, it is not declared officially whether the claim intends to project full sovereignty like that over a territorial sea or partial sovereignty like that over an EEZ. These three issues and the various combinations between them have not been addressed by China. Thus, other claimants do not know which topic of the Nine-Dash Line they would contest in court as well as which court to submit their protest. The ambiguity of the Nine-Dash Line is done on purpose to achieve regime survival by not allowing other nations to use Western institutions to resolve the dispute which is a form of peaceful evolution.

**Bourgeoisie Liberalism**

The second threat to regime survival, “bourgeois liberalism,” is the perception that Western forces attempt to subvert the party through inciting internal groups to advocate abandonment of the socialist state in order to establish a capitalist republic.  

In 1979, China began transitioning to a market economy under Deng Xiaoping which emphasized devolution of economic decisions to the provincial authorities; and using their comparative advantages and market oriented methods, each province would generate its own economic initiative. While China secured unprecedented economic growth under this relaxation, the central decision makers were treading nervously. In their view, the provinces were acquiring more and more power—some began negotiating foreign trade deals without consulting with central leadership. This led to the center declaring recentralization by the mid-1990s, in the form of taxing, banking, and political reforms,

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31 We, *China: Security Practice of a Modernizing and Ascending Power*, 133.

fearing losing more authority over these increasingly powerful provinces.\textsuperscript{33} This experience marked China’s trepidation to allow core institutions to operate under relaxed control pushed by increased profits.

Chinese oil and gas companies are state-owned enterprises with tremendous Party influence, whereas companies from other claimants are more privatized although some are entirely state-owned enterprises. By claiming rights to the South China Sea, other claimants with support from Western countries are introducing market driven companies to the area. This is unfavorable because state-owned enterprises predominantly operate under soft-budget constraint, meaning that the state is willing and ready to cover any potential deficit; and therefore they are prone to inefficiency and cannot compete against their private counterparts.\textsuperscript{34} Falling short to capitalist companies may lead to scrutiny of the Party’s economic involvement that entails political considerations. A preference to operate under less bureaucratic management and market driven forces would emerge. But if the oil and natural gas State-Owned Enterprises, SOEs, receive decentralized blessing and they become highly profitable, then they could generate a certain degree of influence on the center, like in the example of the provinces. While playing to the center may be economically beneficial to the oil companies, it jockeys power away from the party. Therefore, it would be most beneficial to prevent interaction with capitalistic oil companies by claiming the Nine-Dash Line and allowing Chinese oil and natural gas SOEs to operate under the Party’s oversight. Indeed, they would not be as productive (soft-budget

\textsuperscript{33} Ibid., 200.

\textsuperscript{34} Eric Maskin Janos Kornai, and Geard Roland, "Understanding the Soft Budget Constraint," \textit{Journal of Economic Literature} 41, no. 4 (2003), 1096.
constraint), but that would be the trade-off for deterring a potential obstruction to the Party’s overarching supremacy.

More eloquently, Chen Shaofeng who studied the organizational structure of Chinese national oil companies described the relationship:

The Chinese government and the NOCs [National Oil Companies] are thus interdependent with each other. Though they have many stakes in common such as securing more energy resources and promoting the growth of the NOCs, the two have different interests as well, both at home and abroad. In areas where both parties’ prior interests differ, the NOCs are not merely recipients of state directives. They often lobby, bargain and compromise with the government on certain issues. In pursuit of their commercial interests, on and off the NOCs may even shirk their social responsibilities and dodge government mandates.35

The case in point was when the China National Petroleum Corporation, CNPC, was exposed to competition over the right to capture more petroleum stations, the CNPC branch company disregarded its Party’s supervising institutions to ink a private deal for a station in Jiangmen.36 Furthermore, there have been examples where Chinese national oil companies have attempted to embark on new businesses in order to break away from the Party institutions designed to govern them due to their limited jurisdiction.

In response, China attempted to control the oil companies through regulation, ownership, and personnel. To elaborate, the Party employs fiscal and taxation means, approval and authority means, and appointment of office means. Notwithstanding the various tools, Chinese national oil companies have gained tremendous autonomy as indicated by their continuous effort to break ties with the Party’s oversight.


36 Ibid.
Consequently, China is assertive in denying others access to this region. The inevitable oil and natural gas competition arising from various claimants may erode the very last vestige of the Party’s power over its strategic oil and natural gas industry. China would be pressed to discourage competition. By claiming rights to the South China Sea, it can prevent its national oil companies from effectively instituting capitalism. Moreover, China wants to retain its control of the oil and natural gas SOEs to achieve its Party’s interests which often contradict the forces of competition.

**Social Instability**

The third threat to regime survival, “social instability”, is the idea that greater social disorder will place the Party at greater risks for subversion. China’s modern history is marked by tremendous social discontent ranging from the Sun Yat-Sen’s Revolution of 1911 which dismantled the historic imperial system, Chiang Kai-Shek’s revolution of 1927 which routed the warlords ruling system, and Mao Zedong’s revolution of 1949 which relegated the Nationalists to Taiwan and installed the current Communist Party. It would be obvious to state that social upheaval is related to regime change and a grave threat to the Communist Party.

The South China Sea could induce social instability in two forms: loss of jobs and national prestige. One could observe the relationship between job employment and economic growth to appreciate the advantage of maintaining growth: one percent of annual growth would produce one million job openings. Having a decent income naturally would appease its citizen. On the contrary, when the world economy plummeted in 2008, so did China’s which was accompanied

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by considerable domestic social unrest.\textsuperscript{39} This has occurred in the past. The infamous Tiananmen Square incident resulted partly from university students’ discontent from China’s inability to provide an adequate job market. Continued economic growth is perceived by the Chinese leadership as critical to regime survival, and that a steady supply of oil, in turn, is essential to sustaining that growth.

Chinese nationalism associated with its claim could turn sour for the Party. Because of its past glory and recent resurgence to preeminence, Chinese citizens widely support China’s irredentist goals in the South China Sea and are appalled at other claimants’ inability to accept their weaker roles in the region.\textsuperscript{40} In his analysis, Johnathan Dixon noted that this public opinion often manifest itself in the form of “aggressive nationalism,” where a preoccupation with the perceived injustices China has suffered at the hands of foreign powers pushes citizens to demand a more assertive PRC.\textsuperscript{41} He concluded after his analysis that Chinese citizens are dismayed and angered that China’s weaker neighbors would even challenge China’s supremacy. Therefore, fumbling its claim could anger these citizens and/or reduce China’s growth, both of which would spell social instability. In short, China maximal position in the South China Sea dispute is driven by its desire to bolster the Party’s ability to provide for its citizens and to appease its nationalistic superiority, which ensures the survival of the regime.\textsuperscript{42}

\begin{flushleft}
\textsuperscript{39} Ibid.
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\textsuperscript{40} Johnathan Dixon, “East China Sea or South China Sea, They Are All China’s Seas: Comparing Nationalism among China’s Maritime Irredentist Claims,” \textit{The Journal of Nationalism and Ethnicity} 42, no. 6 (2014).
\end{flushleft}

\begin{flushleft}
\textsuperscript{41} Ibid.
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\textsuperscript{42} Social instability, undeniably, is a threat to the Party; yet, the extent of instability caused by the South China Sea is not comparable to the major revolutions that toppled the presiding rulers of China’s past. China is not free of social unrest like every other country as mentioned in the economic security section. In a study of social unrest by Elizabeth J. Perry, a Henry Rosovsky Professor of Government and Director of the Harvard-Yenching Institute, she analytically concluded that protests in China are limited in size, scale, and scope despite their ubiquitous nature. In
\end{flushleft}
To conclude the discussion on regime survival with respect to the South China Sea dispute, China is non-conformant and vague in order to resist and hinder “peaceful evolution,” and is aggressive in its maximal claim to prevent bourgeois liberation and social instability. The last point, however, is not as important given that China’s protests have been insignificant lately.

**Economic Security**

Chinese central decision makers view that “the competition among the various countries, in essence, is a competition of overall national strength based on economics, scientific and technological capabilities.”

To ensure economic security with respect to the South China Sea dispute, China, thus, takes its current aggressive and maximal position in order to secure the most oil and natural gas fields possible which are vitally important to sustain its energy security.

China must, among other things, be economically secure to avoid succumbing to the influence of foreign nations unable to prevent a replay of its humiliating recent past of foreign exploitation. In Kenneth Lieberthal’s “The Great Leap Forward and the Split in Yenan Leadership, 1958-65,” he showed how economic downturn led to political chaos. He argued that Mao and other top political elites drew different conclusions from the widespread famine and massive deaths resulting from the failed Great Leap Forward, a socialist-oriented economic

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43 Ibid., 137.

reform. As a result, there was a split between the central decision makers, Mao and followers versus the revisionists, producing the bloody Cultural Revolution where Mao used the Red Guards to eradicate all those considered “rightist.” Hence, to enhance the Party’s cohesion and avert fractioning, China should avoid economic turmoil. Even if the party is united, failure to develop economically may lead to a regime upheaval. Examples of unsuccessful communist states due to inadequate economic advancement, in part, dot the Eastern European landscape prompting President Jiang Zemin to state, “If we fail to develop our economy rapidly, it may be very difficult for us to consolidate the Socialist system.” Thus, economic prosperity enables China to solidify itself as one of the last few Communist states. Lastly, economic security reduces social unrest which lessens the susceptibility of the Party to be dethroned. As the population receives sufficient food and other necessities with money left over to even indulge their personal interests, they are less likely to demand wage political reform, as evidenced by China’s recent economic growth and low level of party-civil society confrontations. That is not to say China is free of social protests. In 2005, there were 87,000 acts of collective resistance to the government, some involved disruptive tactics and even violence. The larger number of social demonstrations, 180,000, in 2010 might be even more alarming. However, given that these tend to be localized to rural towns and that there are approximately 825,000 local governments, about one in five local governments will face a local protest a year. That is hardly damaging to the Party as a whole. In sum, economic security is the basis for China to assert itself on the international stage, maintain single-party political survival, prevent state collapse, and deflate

45 Ibid.


47 These numbers are from Professor Kwok in ASAN 608, lesson 11 on social unrest.
social unrest. The evidence suggests that the stipulation made by Wu Xinbo, that economic security is vital to China’s national security, is in fact quite shrewd and should be accepted.

**Energy Security**

![Energy Consumption Chart](chart.png)

**Figure 6:** China’s energy consumption by type in 2011.

In order to have economic security, one pivotal prerequisite is having energy security which is needed to power China’s economic growth. To determine the state of China’s energy security, the paper will first consider the major challenges—supply, environmental, social, and political—to China’s energy supply. This research found that the oil and natural gas in the South China Sea would be absolutely essential in sustaining the energy required to ensure economic security which explains China’s aggressive and maximal position.

**Energy Supply Challenges**

While China is diverse in the ways it generates energy as shown in Figure 6, the major concerns pertain to its coal, hydroelectric, and renewable sectors. Water is overexploited, coal is
overused and its renewable energy sector is too feeble at the present time to make a significant contribution.

Water is an energy resource that is being overexploited resulting in its inability to shoulder increasing hydroelectric production to meet growing energy demand. Sustained access to water has been critical to the expansion of China’s domestic economy. Presently, water usage caters mostly to the agriculture sector while the remaining portion is for industrial and human consumption. In order to meet previous growing demands, China has exerted titanic engineering feats to provide adequate irrigation to its various agricultural regions. China constructed dams to channel water from three different sources to supply the Northern Plains which grows wheat outside of its rainy season: East from the Huai River, South from the Yangtze River, and West from the Yellow River. The need for these enormous projects stemmed from the lack of available water to support the agriculture in the Northern Plains by natural means in the first place. Since water supply is not infinite, these diversions increased the existing water shortages in the downriver areas such as Shanghai, Nanjing, and Hangzhou. To show how low China’s water supply has become, the underground water level beneath Beijing was at 5 meters in the 1950s but dropped to 50 meters in 1994. That is roughly equivalent to one meter per year. This is due to various water extraction methods aimed to supplement the low level of surface water. In many coastal areas, the low freshwater level led to salinization of the land because higher levels of nearby salt water flows into these areas to achieve equilibrium. The problem worsens when one begins to incorporate other sectors that are also expanding their consumption, including

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49 Ibid., 500.
industrial expansion at municipal and local levels. China is physically restricted in terms of finding more water to divert to create more hydroelectricity.

Coal, the primary energy resource for China, is also being heavily overexploited. China is the world’s primary factory whose fuel is mainly coal. According to the Beijing-based Institute of Public and Environmental Affairs, China was producing 70%, 66%, and 60% of the world’s toys, shoes, air conditioners, and copy machines in 2008, respectively.\(^{50}\) While China has diversified its energy portfolio to include oil, natural gas, biomass, and green technology, coal supplies roughly 70% for all energy consumed by these factories.\(^{51}\) Coal will continue to be leader into the next several decades because it is cheap: power plants are unwilling to upgrade equipment and facilities because that would costs more than continuing operations with coal.

When examining China’s environmentally friendly technologies’ output capacity, their significance is almost negligible and transferring future demand to this sector will be highly problematic. Data from 2011 and Figure 5 show that this sector produces only 1% of all energy consumed in China.\(^{52}\) To make it more statistically significant, nuclear energy will be added to give a combined energy production of roughly 2%. This means that if China wants to reduce one percent of coal usage and transfer that demand to the renewable and nuclear sectors, then these sectors will need to increase by one and a half times, or add 50% to its current production. Likewise, if China’s energy demands grow by 1% in one year then these sectors will need to


grow by fifty percent under conditions where all other sectors are kept constant. But China’s energy consumption is not growing at one percent per year; in 2013, it grew by 4.3% meaning that these sectors would have had to increase by 115%. These trends suggest that renewable and nuclear energy would have to make exponential growth. Given the time constraints laid out by the government, they would be too fast for these sectors to adjust properly. Increasing nuclear energy in a short time-span is problematic because uranium extraction and enrichment are lengthy processes requiring enormous precautionary measures and because they entail significant political interactions both domestically and internationally. Likewise, it takes time to install wind farms and panels as well as to provide them with infrastructural support.

In terms of supply, water, coal, and renewable energy producing sectors are facing severe difficulties. Although it is not impossible to boost energy production from these sectors, water and coal are facing tremendous overexploitation while renewable energies are not substantial in contribution. Unfortunately, there are even more problems.

**Environmental, Social, and Political Challenges**

While water experiences a higher level of shortage than coal, the other issue with utilizing these resources is the amount of pollution that they generate which will inhibit China from expanding these energy sectors. To illustrate, expanding hydroelectricity would aggravate existing water pollution. Highlighting the severity of the pollution, Wang noted that only one-third of the water in the Yellow River is deemed safe for human use.\(^{53}\) Wang attributed the grave water pollution to industrial waste (pulp paper, metallurgical, and chemicals), municipal waste, and agriculture waste (fertilizer). When China builds a dam upriver for hydroelectricity, it

inhibits the natural flow of rivers such as the Yangtze and Huai Rivers leading to their inability to dilute and disperse dangerous chemicals downriver which is often the eastern coast where the majority of the population resides. Thus, diverting more water for hydroelectricity will increase the pollution in the water downstream.

The major constraint to using coal to meet growing energy demand is its contribution to the pollution currently asphyxiating the nation. Chinese air quality, especially in the major cities, is arguably the worst in the world. According to *China’s Environmental Tipping Point*, Alex Wang pointed out that of the 25 most polluted cities in the world—16 are Chinese.\(^{54}\) China is the leader in greenhouse gases emission, and its sulfur dioxide level is well above the US or Europe. Industries are not the only sector fouling the atmosphere. Chinese homes, especially in urban areas, use coal in a variety of ways, heating and cooking, and have contributed to the higher than normal level of sulfur dioxide. Chinese airway woes are extensively discussed in literature where the majority of authors ascribed the dominant protagonist of air pollution to coal.

Water and air pollution combine to deliver a severe uppercut not only to the environment but to the health of the population. The World Bank calculated that China expended 157.3 billion Yuan, 1.16% of its GDP, in 2003 due purely to premature mortality and morbidity related to pollution. If one incorporates other health effects such as illnesses, cancer, and doctor visits, the figure rises to 3.8% of the GDP under the most conservative assumptions and will continue to rise in the future.\(^{55}\) Considering that China has been experiencing slower growth within the last

\(^{54}\) Weston, "*China’s Environmental Tipping Point,*" 112-135.

few years, 9.3% in 2011, 7.7% in 2012, and 7.7 in 2013, the growing health related expenditures certainly inhibit China’s maximal economic prosperity.

As pollution threatens more Chinese yearly, localized unrests, from peaceful protests to riots, have erupted to address grievances. Gaining the most notoriety, protests against paraxylene (PX), a toxic chemical, were reported to have led thousands to take the streets arguing for closure of plants in cities like Shenzhen and Guangzhou.\textsuperscript{56} Those personally affected by the toxins released by these plants are pursuing judicial avenues. Non-governmental organizations have also contributed to advocating for cleaner environment. A key element of NGO agendas has been their insistence on greater transparency such as the creation of municipal bureaus dedicated to providing public access to industrial pollution data.\textsuperscript{57}

The Chinese central government has been keenly observing the environmental issues, as in natural and human resources, and is taking corrective actions. In the past, Chinese actions and policies placed greater emphasis on economic growth over all other issues. That tendency, however, is changing. Premier Wen Biao, during a national conference in 2006, stated, “[China] must transition from a focus on economic growth to a system that places equal emphasis on environmental protection and economic growth.”\textsuperscript{58} The Twelfth Five Year Plan, focusing on 2011-2015, reaffirmed the central party’s commitment to improving its environment. Key items are energy-intensity reduction by 16%, carbon-intensity reduction to 17%, and non-fossil fuel


\textsuperscript{57} Weston, ”China’s Environmental Tipping Point,” 112-135.

\textsuperscript{58} Ibid.
consumption increase to 11.4% (up from 8.3%). Following this commitment, China placed energy efficiency and environmental technology as the number one on a list of seven “strategic emerging industries” that China will concentrate its effort in promoting. The People’s Daily reported that Beijing will contribute 600 trillion Yuan to this effort. Western presses and nongovernmental agencies have lauded China as the leader in renewable energy because of its expenditure and initiative.

In sum, China is encouraged to continue its plans for reducing its environmental damage by increasing renewable energy and decreasing water and coal consumption to meet future demands. However, one can see that the renewable energy sector is not capable of taking on this responsibility because of the lack of capacity and time to expand.

**Oil and Natural Gas in the South China Sea Effects to Energy Security**

Given the energy supply, environmental, social, and political considerations, the oil and natural gases present in the South China Sea is highly coveted for three reasons. First, it would alleviate the pressure to expand the hydroelectric and coal production. Oil and natural gas are the other most logical sectors to have to increase their productivity if coal and water production are to not increase due to environmental restrictions. Renewable energy will take a substantial

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59 Ibid.


amount of time to mature and shoulder an increased contribution which reinforces the need for oil and gas.

Second, it would decrease the rate of environmental damage. To be sure, the combustion of oil and natural gas also leads to pollution; but, it is not as much as coal. For example, to generate one million British thermal units (unit for energy), it would required 205.3 pounds of coal compared to 117.080 pounds of natural gas and 161.386 pounds of oil.\(^6^3\) Therefore, oil and natural gas are not the remedy to completely eliminate pollution; however, they will reduce the net damage if they are substituted for coal and water to meet the growing energy demand. Consequently, this would help to reduce social grievances and meet governmental goals set for the environment.

Third, it would reduce risks associated with oil importation. Recent Chinese actions indicate clear acknowledgement of its desire for oil and natural gas. It is, for example, busily constructing transnational pipelines to acquire necessary volumes of oil from distant lands such as Kazakhstan, Siberia, and Middle East via Myanmar. Within its domestic network, China has about 14,658 miles of total crude oil pipelines and 11,795 miles of oil products pipelines.\(^6^4\) China is hotly pursuing natural gas as well. Its government anticipates boosting the share of natural gas as part of total energy consumption to around 8\% by the end of 2015 and 10\% by 2020. According to the US Energy Information Administration (EIA), China will need more imported oil than the US, currently the largest net importer of oil, by 2014.\(^6^5\) To meet rising demand, China is

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\(^6^4\) *China: Overview,* 1.

\(^6^5\) Ibid.
expected to continue importing natural gas in the form of liquefied natural gas, LNG, and incorporate newly proposed pipelines from neighboring countries.\textsuperscript{66}

Importing oil and natural gas exposes China to several risks. The obvious vulnerability is the unanticipated actions from foreign nations. As discussed above, China has pipelines traversing many foreign nations. Should there be political or social turmoil, these pipelines are at risk. More preeminently, China, through its state-owned national oil companies, has oil assets in the Middle East, North America, Latin American, Africa, and Asia encompassing more than 30 countries with an estimate worth of 34 billion USD. The majority reaches China through sea lines of communication (SLOC).\textsuperscript{67} The weakness here lies in the crucial element that, as one authority, Roland Danreuther has noted, SLOCs are often guarded by foreign navies, most often that of the US.\textsuperscript{68} Therefore, these supplies are susceptible to the West's temperament beckoning China to be obsequious since China's Navy cannot guarantee safe passage of all of its oil vessels worldwide. Additionally, conducting business with foreign nations occasionally places China in a precarious position, such as being a patron to a pariah: for example, China was accused of complicity in the Sudanese government's suppression of the Darfur Rebellion.\textsuperscript{69} Also, Chinese oil extraction worldwide may be argued as blatant neo-imperialist. Hence, if China could match oil demands internally, it would be able to avert these issues entirely.

To conclude, the South China Sea's oil and natural gas deposits are ideal sources to China since it would reduce the risks noted above. China can get its oil and natural gas, and it has done

\textsuperscript{66} Ibid.

\textsuperscript{67} Ibid.


\textsuperscript{69} Ibid.
so, from other parts of the world, some with even more deposits. However, there are complications and vulnerabilities associated with these sources as discussed. Some deposits in the South China Sea lie within contested areas, meaning that if China could win sovereignty to nearby islands, then it would inherit unconditional access to these oil and natural gas deposits in the nearby EEZ. Reducing risk from oil dependency, reducing stress on coal and water consumption, and improving the environment are the three major ways that the South China Sea could affect China’s energy security, a part of its larger economic security, which explains, in part, China’s aggressive and maximal position.

**Military Security**

China has been expanding the capabilities and evolving the role of its People’s Liberation Army (PLA) and particularly the PLA’s Navy (PLAN). In terms of capabilities, the PLAN had restructured its sailors from training to rank structures meaning solidification of supervisory and worker relations and modernized its entire arsenal of submarines and surface vessels within the three fleets: North Sea Fleet, East Sea Fleet, and South Sea Fleet.  

70 In terms of roles, the PLAN was shown to have transformed from a near-coast defense before the mid-1980s, to the near-sea active defense in the mid-1980s, and to a far-sea operation in the current era.  

71 To buttress its military security even further, especially the PLAN, China maintains its maximal and territorial position in the South China Sea dispute.


71 Ibid., 109.
The U.S. Navy is the only practical threat to the PLAN. The internationalization of the South China Sea dispute has inevitably led to the increasing military presence by the United States. Exercise Valiant Shield ended on 23 September 2014. A total of eighteen thousand service members, 200 aircraft, and 19 surface vessels from the U.S. Air Force, Army, Marines, and Navy participated in the joint exercise near Guam to practice counter-air missions, strike missions, suppressions of enemy air defenses, maritime interdiction, air-to-air refueling, and command and control operations. Additionally, one month prior, Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the United States held a multinational naval exercise practicing coordination. These orchestrated efforts reaffirm the U.S. Navy’s presence and capabilities within this region.

China has taken measures to address the increasing presence of the U.S. Navy. This can be seen in the PLAN’s preparation for a Taiwan contingency where the PLAN plans to confront the U.S. Navy if the China-Taiwan relation goes awry and the U.S. aids Taiwan. Most peculiar is China’s effort to develop an anti-ship ballistic capability that can target aircraft carrier. The only other nation with a functioning and operating aircraft carrier in the region besides China is the U.S. The increase in strength is ultimately to equip the PLAN the ability to defend China. In reality, China’s military overmatches any nation abutting the South China Sea. Therefore, its

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74 Thailand’s aircraft carrier has been consigned to port nearly from its commissioning.

75 Ibid., 291.
growth has been measured against the U.S. Navy. China is not content with second place in this
dual; it aims to outshine the U.S. according to the 2004 Chinese Defense White Paper:

While continuing to attach importance to the building of the Army, the PLA gives priority to
the building of the Navy, Air Force and Second Artillery force to seek balanced development
of the combat force structure, in order to strengthen the capabilities for winning both
command of the sea and command of the air, and conducting strategic counter strikes.76

China, in the statement, acknowledges that it will boost funding for the Air Force and Navy
because in those two areas China is considerably inferior to the U.S.

Given the considerations of the substantial U.S. naval presence and China’s inferior but
growing PLAN, China’s maximal position is strategically important to its military security by
augmenting its forward presence. China’s military hardware, while sizeable, is still not
comparable to the United States. For example, Senior Colonel Yang Yujun, spokesman for the
Ministry of National Defense (MND) of the People's Republic of China (PRC) told the press on
December 31, 2015 that China’s first indigenous-built aircraft carrier Liaoning commissioned in
2012 is still undergoing scientific testing and training. Meanwhile, the U.S. Navy permanently
deployed an operational aircraft carrier solely to this region.77 Yet, China can bolster its maritime
forward presence by capitalizing on its territories far into the South China Sea. For example, the
Fiery Cross reef in a sense is an unsinkable Chinese aircraft carrier. With China’s land
reclamation, increased build-up, and the operational aircraft runway there, China can still wield
tremendous capabilities here despite not having any operational aircraft carriers. Furthermore,

(accessed December 6 2014).

77 Yujun Yang, "Defense Ministry's Regular Press Conference on Dec.," (Ministry of National Defese: The
these can act as naval bases that provide essential services such as repairing and refueling. Likewise, land reclamation activities elsewhere in the Spratly Islands or Paracel Islands can be seen as China’s attempt to buttress its military security.

China’s territorial behavior is also strategic in terms of military security since it establishes a buffer zone. China’s territorial stance (as shown by the incident with the USNS Impeccable) is its attempt to establish an off-limit region to the U.S. Navy. By continuously challenging the U.S. presence in the South China Sea, China hopes to establish a new order whereby U.S. ships are restricted from here. This would effectively create a buffer zone between China and the U.S. Navy operating from bases in the Philippines, Singapore, and Guam. Since the PLAN is inferior to the U.S. Navy and its allies, having this space is vital for boosting time of response should China have to react to an event. While the effectiveness of this approach and whether U.S. acquiesces are debatable, China’s territorial behavior does impede U.S. mobility to a certain degree—one that is more troublesome than if China allowed the U.S. to roam freely. Therefore, it would favor China and its PLAN more with reduced U.S. presence within the region.

As China attempts to deter U.S. presence along with other claimants inside the Nine-Dash Line, it strategically deescalates potential full military conflict to ensure military security. The PLAN presently cannot confront the U.S. Navy symmetrically due to inferior assets and experience. However, the PLAN specifically and the PLA broadly is growing in might as illustrated by the example of the Liaoning aircraft carrier. Thus, when Chinese officials promulgate peaceful coexistence after a potential cataclysmic encounters between China and other claimants like Vietnam in 1974, they intend to deescalate tensions to avoid war with other claimants and potentially their larger allies such as the United States for the Philippines.
To conclude, China’s military security can be bolstered by adopting a maximal and territorial position in the South China Sea dispute because this allows China to boost “forward presence” by placing troops and hardware at distant locations like Fiery Cross Reef and because this creates a new space between itself and the U.S. Navy should it have to be reactive to a future contingency. At the same time, China’s reluctance on waging full war to gain this region is a move to also protect its nourishing military.

**Territorial Integrity**

Territorial integrity derives from the belief shaped by China’s culture and historical legacy in that it should not be divided because strength is derived from unity. To maintain territorial integrity and dispel separatism in other places within China, it holds an unwavering commitment to its claim in the South China Sea dispute.

China’s perception of territorial integrity stems from ethnic and political issues. China has an enormous composition of minorities some of which hold that the Party has no legitimacy to govern them or that they belong to a separate identity. Regions that are not supportive of the Party, in other words China, are Tibet, Xinjiang, Hong Kong, and Taiwan. In the case of Taiwan, its democratic governance, westernized civil-society, and historical resentment to the rise of the Chinese Communist Party to control China have made it extremely difficult for China to assert control over the island. Other separatist regions share similar irreconcilable differences with China; yet, China is steadfast in its commitment to prevent fractioning of its vast nation.

The reasons are varied. For one, if these regions were to secede from China, then opposition leaders would be emboldened to place accusations against the party claiming that the Party is

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78 Wu, 129.
incompetent in keeping China together. Also, the breaking away of Tibet or Xianjing would undermine China’s conception of a multi-ethnic nation that owes allegiance to the overarching state, which is in fact the Party.\textsuperscript{79} China recognizes 56 ethnic minorities. If Tibet or Xianjing are successful with secession, then other minorities may lobby for their own independence, a problem of colossal proportion in China. Recent uproar in Hong Kong protesting unjust adjudication of appointments for official positions by China highlights the continuing struggle for China to maintain control in these regions.

Indeed there are major differences between the separatist regions and the uninhibited islands in the South China Sea, but there are also important similarities. Land area, population, economy, and resources are a few examples of differences. Therefore, losing sovereignty over an island far off China’s coast may be insignificant territorially. However, that neglects the ideational factors associated with China’s claim to these islands. According to the translation of the \textit{note verbales} submitted by China to the United Nations Secretary-General, it stated:

\begin{quote}
China has indisputable sovereignty over the islands in the South China and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof. The above position is consistently held by the China Government, and is widely known by the international community.\textsuperscript{80}
\end{quote}

The claim is predicated upon two principles. One is consistency, and the second is international acknowledgement. These two features also appear in China’s claim to the separatist regions most particularly Taiwan. The People’s Republic of China has not waived its claim to Taiwan since its inception and does not acknowledge the legitimacy of the Republic of China.

According to the Constitution of the People’s Republic of China adopted on December 4, 1982,


\textsuperscript{80} Cml/18/2009 2009.
“Taiwan is part of the sacred territory of the People's Republic of China.”\(^{81}\) Currently, the regulations regarding Taiwan residents visiting Hong Kong requires one to obtain a Mainland Travel Permit for Taiwan Residents because the PRC does not view the ROC’s passport as valid due to its perceived illegitimacy.\(^{82}\)

With respect to the second principle (of international acknowledgment), the international community has acknowledged the People’s Republic of China as the legitimate representative of all of China by bestowing the UN seat to the PRC instead of the ROC in 1971 along with President Carter announcing formal diplomatic relations as of January 1, 1979 with the PRC.\(^{83}\) Hence, the relationship between small islands and large separatist regions is the same line of argument put forth by the PRC in its claim of sovereignty.

To conclude, losing islands, while comparatively inconsequential, undermines China’s claim to the other larger regions because that sets a precarious precedence. To China, the South China Sea’s claim directly affects its relations with separatist regions; and if its claims here are untenable, separatists may have a platform to promote their counter-territorial integrity agendas. China, as a result, has not backed down from its claim in the South China Sea.

**Conclusion**

The Chinese position in the South China Sea dispute—vague, non-conforming, maximal, and aggressive yet measured—is being formulated to address its other national concerns. China is


vague and non-conformant to resist and hinder peaceful evolution. It is aggressive in its maximal claim to prevent bourgeoisie liberation and social instability, to achieve its energy security in particular and its economic security in general, to boost “forward presence” farther from its coast, to create space between itself and the U.S. Navy, and to dissuade territorial separatism elsewhere. China, despite being aggressive, is also measured in its position to prevent full-scale confrontation with other claimants and their allies to nourish its growing military.
CHAPTER 4. VIETNAM

Position

Vietnam is seeking not only to secure but expand the outer limits of its EEZ. The state has filed two separate submissions to the United Nations pertaining to the limit of its claim. Figure 7 shows the northern and southern delineation. In the northern claim, the red line shows the standard 200 NM EEZ outer limit. Vietnam relies on the provision afforded by UNCLOS to state its claim officially:


The Socialist Republic of Vietnam (Vietnam), one of the coastal States bordering the East Sea, has a coastline approximately 3,260 km in length and has sovereignty over Hoang Sa and Truong Sa archipelagoes as well as more than 3000 islands and islets covering a large part of the East Sea. Hoang Sa and Truong Sa archipelagoes are located in the North and in the South East of the East Sea respectively. Vietnam is of the view that it is entitled to exercise the sovereignty, sovereign rights and national jurisdiction in maritime zones and continental shelf of Vietnam in accordance with the United Nations Convention on the Law of the Sea (UNCLOS 1982).\(^{86}\)

Farther South, Vietnam prepared a joint submission to the Commission on the Limits of the Continental Shelf with Malaysia (Figure 7) to delineate the outer limits of their continental shelf in accordance with the scientific and technical guidelines stated by this commission and in accordance to the provisions of article 76 of UNCLOS in 1982.\(^{87}\)

In the submission, Vietnam is asking to extend this limit to 350 NM because of the locations of its continental shelf. The yellow line shows a portion of the 350 NM outer limits. By projection, this new outer limit would enclose the majority of the Paracel and Spratly Islands. Extending their EEZ claim is a very pugnacious gesture by the Vietnamese. Vietnam is not only announcing this limit but also is submitting it to the International Court of Justice, ICJ, underscoring its seriousness and commitment to the expansion.

Vietnam has taken a firm stance on its claim in the South China Sea. It clashed with China in 1988 for the physical control of the Johnson South Reef. Unfortunately this resulted in three

\(^{86}\) Ibid.

\(^{87}\) Malaysia and Vietnam, 3.
Vietnamese vessels sunk and 74 Vietnamese sailors dead and the loss of their post.\textsuperscript{88} Vietnam has been involved in several other violent clashes with China.\textsuperscript{89}

These incidents are incorporated into a nationalistic, patriotic narrative of defending the nation from foreign invaders. Vietnam actively promotes this message among its citizens. Traveling through Nha Trang in the Summer of 2015, I stumbled onto a rally where the theme was defending the Paracel and Spratly Islands. The rally included numerous songs specially written for the occasion. The performers dressed in naval uniforms and punctuated each of their choreographed movements with a fist thrust in the air—an iconic symbol of Communist art. I saw numerous wall murals in public places, like the one in Figure 8, that proclaim Vietnam’s sovereignty. Moreover, Figure 8 conveys a Vietnamese sailor standing ready to defend the territories and the nation at large. Other notable instances of Vietnam’s conscious promotion of their narrative were television announcements, public announcements via loud speakers, and internet articles. Vietnam actively quells any sign of undermining narratives.


\textsuperscript{89} 1) Disputes in the Paracel Islands that resulted in China reclaiming a portion from Vietnam after the First Indochina War in 1956 and the remainder after the fall of Saigon in 1974 China, 2) disputes in the Gulf of Tonkin that resulted in a mutually agreed bifurcation, and 3) and disputes in the Spratly Islands that is still largely unsettled due to other claimants involved. Mark J. Valencia and International Institute for Strategic Studies., \textit{China and the South China Sea Disputes}, Adelphi Paper, (Oxford ; New York: Oxford University Press for the International Institute for Strategic Studies, 1995).
A major strategy for Vietnam’s claim to sovereignty over the Paracel and Spratly Islands has been the state’s commemorative projects devoted to glorifying soldiers and sailors from Ly Son, an island west of the Paracel archipelago, who died “defending” Vietnam’s territory against foreigners through the ages and to designate their home as historical sites (di tích lịch sử). In other words, the project seeks to prove that the Vietnamese feudal monarchies had occupied the Paracel and Spratly Islands and exercised sovereignty over them for centuries. There was, however, a major problem to the state’s narrative—the accounts, memories, and oral stories of Ly Son people that often did not coincide with the state’s sanitized narrative of sacrificing for the nation. Some were drafted while others fought under other motives. In the conflicting and antagonizing historical reproduction effort, the state’s narrative ultimately triumphs. Contending narratives were simply denounced. Aligning narratives were rewarded. The Ly Son people had

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the option to reconstruct their narrative to fit the state whereby their ancestors would be regionally recognized as heroes.\(^\text{92}\)

Vietnam vehemently supports its fishermen working in these disputed areas. As the tension among competing claimant increases, fishermen have been at the forefront of the friction. Vietnamese fishermen have been harassed and even killed in the contested area. On December 1, 2015, a bullet-ridden Vietnamese fishing boat docked at a border station in Quang Ngai Province after suffering an attack from unknown assailants in the vicinity of the Spratly Islands that left one fisherman dead.\(^\text{93}\) On June 6, 2016, four Chinese vessels captured two Vietnamese fishing boats and their crews while traversing near the Paracel Islands.\(^\text{94}\) Rather than recalling its fishermen closer to the coast, Vietnam asserts the right of its fishermen to be in these areas. For example, Vietnamese officials support Vietnamese fishermen operating in the South China Sea during China’s annual two-and-a-half month fishing ban.\(^\text{95}\) Additionally, Vietnam was reported to have endorsed a budget of more than $756 million to arm fishing surveillance forces with conventional weapons to support its fishermen at sea in 2014.\(^\text{96}\) This act reinforces Vietnam’s assertion that the Spratly and Paracel Islands along with the surrounding water belongs to Vietnam thereby its fishermen have the support of the state.

\(^{92}\) Ibid., 22.


\(^{95}\) Ibid., 1.

Notwithstanding the clashes and unresolved territory disputes, Vietnam has continued oil and natural gas exploration and extraction unabatedly. The South China Sea is home to Vietnam’s lucrative oil and natural gas production. In 2010, PetroVietnam, an SOE, was producing 24.4 million tons which placed it as the top producer among the claimants. Recently, successful offshore exploration has contributed to a substantial increase in proven crude oil reserves, which grew to 4.4 billion barrels as of January 2012 from 0.6 billion barrels in 2011, according to the *Oil and Gas Journal* (OGJ). And production is expected to expand.

Vietnam has sold many oil and natural gas blocks in the South China Sea to foreign nations. It recently concluded an additional 60 oil and gas exploration and production contracts with various foreign nations such as India. With each contract worth up to 15 million dollars, the opportunity could total 900 million dollars. Russia is also a large partner for Vietnam. In 2014, a joint venture between Russia and Vietnam produced 5.36 million tons of crude oil and 1.5 billion cubic meters of gas. Forty-nine other foreign oil and gas companies with exploration contracts operate under Product Sharing Contracts (PSC), Joint Operating Companies (JOC) and Business Co-operation Contracts (BCC), with total registered investment capital of more than $7 billion. Vietnam, in short, granted rights, or partial rights, to its various oil fields located in the waters that it claims in the South China Sea to foreign nations.

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Motivation

Vietnam’s position in the South China Sea which was previously described as expansionistic in its EEZ claim, nationalistic in crafting a narrative of sovereignty, protective of its fishermen, uninhibited in oil and natural gas exploitation, and favoring foreign sales of oil and natural gas field can be related to its desire to address other national concerns which are resistance to external encroachment, mobilization and control of its society, and prioritization economic security as of late.

External Encroachment
Vietnam’s history reveals frequent besiegement by outsiders. China has been a constant assailant placing Vietnam under several episodes of being a subservient state with one instance lasting over one-thousand years. The Chinese emperors, from dynasties as early as the 10th century, thirst for expansion into Vietnam and desire to bring it under the Middle Kingdom’s influence were always a threat to Vietnam. As European powers waxed and Chinese influence waned, Vietnam faced a new threat. France entrenched itself in Southeast Asia, and began its imperialist rule over Vietnam from the mid- to late 19th century until its climatic surrender at Điện Biên Phu on 7 May 1954. The then Democratic Republic of Vietnam, DRV, accepted a limited victory brokered by its powerful allies, China and Russia, against France backed by the U.S. at Geneva leaving the country divided with a reunification election to be held in 1956.102 Elections never came. But another foreign nation did, and another war ensued—the American War, Chiến Tranh Mỹ. In 1979, China again reminded Vietnam of their historic friction through the eruption of the Sino-Vietnamese War. While peace may be viewed as the norm for the new generations, historically Vietnam has been beset with constant encroachments by outsiders.

These historic events led Vietnam to develop a strong sense of fear and resistance to outside encroachment. With respect to China, Marr and Milner compiled quotes from various Vietnamese rulers spanning Vietnam’s history:

Our ancestors’ foreign policy in wartime consisted in ‘putting the aggressors to rout’, so that they learned to know that ‘the mountains and rivers of the South belong to the emperor of the South’ (Lý Thường Kiệt, XIth century); that ‘the mountains and rivers have been delimited sharply North from South’, ‘each country being governed by its own emperor’(Nguyễn Trãi, XVth century); and that ‘aggressors will be beaten till they have no conveyance left to bring

them back, not bit of armour left, so that history knows that the heroic South is a sovereign country” (Quang Trung, XVIIIth century).  

This ambition to retain self-governance was heard again during Vietnam’s struggle against France and the U.S. Rallying Vietnam under this banner was Hồ Chí Minh who, on 2 September 1945 at Ba Đình Square in Hanoi, proclaimed, “All men are created equal; among these are life, liberty and the pursuit of happiness…Vietnam has the right to enjoy freedom and independence.” Given the profound disturbance in its development as a nation-state caused by foreign powers, Vietnam has developed a keen aversion for outsider intrusion.

Vietnam views China’s present maritime claim as a modern encroachment. Vietnam vehemently reiterates that it has sovereignty over the Paracel and Spratly Islands. For instance, Vietnam’s Ministry of Foreign Affairs was quoted saying that Vietnam has “incontestable” sovereignty over the two island groups. In a note to the Secretary-General of the United Nations, H.E. Mr. Ban Ki-Moon responding to the Nine-Dash Line, Vietnam denounced China’s claim in the SCS as “illegal, unhistorical, and non-factual;” therefore, it should be “null and void.” In regard to the building of Chinese military airstrips, Vietnam’s Foreign Ministry spokesman, Le Hai Binh, stated, “Vietnam demands that China respect [our] sovereignty and not repeat such wrongful activities.” Continued Chinese military build-up, fishing, and oil and natural gas extraction in Vietnam’s claimed waters are interpreted as examples of direct encroachment and disregard for Vietnam’s sovereignty.

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103 David G. Marr and Anthony C. Milner, *Southeast Asia in the 9th to 14th Centuries* (Singapore: Institute of Southeast Asian Studies, 1986), 272.

104 Bradley, *Vietnam at War*, 9.


106 *No. 86/Hc-2009* 2009.

Vietnam being expansionistic in its EEZ claim follows its fear of and resistance to outside encroachment. Vietnam fears another episode of potential Chinese expansion, or at least a border clash, in the present SCS dispute given its history with China specifically and larger outside powers broadly. Therefore, Vietnam is not acquiescing. It cries foul at every instance to the international community whenever it perceives China or other nations impinging its sovereignty by filing protesting notes to the United Nations and issuing press releases. More importantly, Vietnam does not want only the standard 200 NM EEZ, it wants to enlarge it to potentially 350 NM. In other words, Vietnam is resisting China’s Nine-Dash Line claim to the highest degree possible under UNCLOS. Pushing Chinese claim back 200 NM from its shore is not enough, Vietnam wants 150 NM more. This position reflects its intense and deep sense of resistance towards China, and outsiders in general.

Vietnam’s strategy of inviting foreign oil companies is a way to discourage Chinese encroachment. By having other powerful countries, such as US, India, and Russia, invest their resources in Vietnamese claimed waters, Vietnam is essentially balancing its inferior status to China. The superior Chinese would be more reluctant to use the big stick on these foreign assets but not on Vietnamese companies. Besides, Vietnam may not have the technology or expertise to conduct exploration in an expedient and efficient manner as the Western oil companies which could increase productivity and profitability.

*Mobilization and Control*

Vietnam is weaker than many of its previous foes. Geographically, Vietnam is approximately 3.3% the size of China and the U.S. in landmass (sq. km).

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China, and the U.S. are approximately 15.19 times, 55.61 times, and 93.54 times that of Vietnam’s.\footnote{\textit{GDP at Market Prices (Current US$)}, The World Bank \newline http://data.worldbank.org/indicator/NY.GDP.MKTP.CD.} Politically, these three countries, France, China, and the U.S., are members of the elite United Nations Security Council and wield tremendous clout in shaping the international landscape. Vietnam, by these measures and many more, is a weaker state than its recent foreign invaders.

Total mobilization of the population has been vital to Vietnam’s success when facing a superior opponent. General Vo Nguyen Giap, a main architect in designing the successful resistance to the French and American explains the concept of a “People’s War”:\footnote{Vo Nguyen Giap, \textit{The Military Art of People's War: Selected Writings of General Vo Nguyen Giap}, ed. Russel Stetler (Hanoi: Foreign Languages Publishing House, 1961), 15.}

> The Vietnamese people’s war of liberation was victorious because it was a just war, waged for independence and the reunification of the country, in the legitimate interests of the national and the people and which by this fact succeeded in leading the whole people to participate enthusiastically in the resistance and to consent to make every sacrifice for its victory.\footnote{Ibid., 18.}

While other factors such as commitment to a protracted war and utilization of guerilla tactics helped to bring victory, Vietnam’s ability to mobilize its entire population in a unified cause has been supremely instrumental in its success.

To mobilize the people, the leaders have to actively promote and defend the official narrative. In the struggle against the French and the American, the message was clear: national democratic revolution driven by ideals of Marxism and Leninism.\footnote{Ibid., 18.} The DRV could not defend against contending narratives however such as those denouncing Communism. The impact was grave
and fractured the nation; generally, some, particularly in the South, followed American ideals while others, particularly the North, flocked to the Vietnamese Communist Party, VCP. This directly undermined the movement and weakened the “People’s War” strategy. The Party, since then, has developed constant vigilance against any sign of unapproved development in counter-narratives. Vietnam’s hypersensitivity to this concern has triggered concerns by others. Human Rights Watch, a non-profit non-governmental organization, described the situation in Vietnam:

The Vietnam government systematically suppresses freedom of expression, association, and peaceful assembly, and persecutes those who question government policies, expose official corruption, or call for democratic alternatives to one-party rule. Police harass and intimidate activists and their family members. Authorities arbitrarily arrest activists, hold them incommunicado for long periods without access to legal counsel or family visits, subject them to torture, and prosecute them in politically pliant courts that mete out long prison sentences for violating vaguely worded national security laws (emphasis added).\textsuperscript{112}

Mobilization requires promoting the cause to the mass and safeguarding it from contending ideas.

In the case that a conflict would erupt from the SCS dispute, Vietnam’s past shows that it can punch above its weight through full mobilization of the population. To unify the people as it has done so against the Chinese, Americans, and French, Vietnam is, again, promoting the message of defending the nation against foreign forces through media and state projects. At the same time, Vietnam is vigilantly suppressing contending narratives such as those in Ly Son who believed that their ancestors joined the Vietnamese Navy for reasons other than sacrificing to defend the nation such as to seek adventure or financial gains. Additionally, Vietnam’s protection of its fishermen provides support and promotes fishermen to resist Chinese advances. It reflects the

“People’s War” strategy whereby all citizens, regardless of class or occupation, take part in the resistance through whatever means they can muster.

**Emphasizing Economic Security**

To ensure the security of Vietnam and its position in Southeast Asia as well as to legitimize the VCP’s, economic growth was emphasized and accorded utmost priority. To make her point, Ninh referred to the initiation of Đổi Mới, meaning “renovation”, in the late 1980s. She began by noting the challenges facing the regime before Đổi Mới. It emerged from the war with the U.S. only to be entangled in another engagement with Cambodia and to be invaded by China which drained its resources even further. Moreover, Vietnam emerged from the Vietnam War with trade sanctions from the U.S. Since 1965, the U.S. government has invoked the 1917 Trading with the Enemy Act which prohibited U.S. firms from conducting business with Vietnam and restricted economic assistance from the IMF, the ADB, the World Bank, and other multilateral agencies reaffirming its fear of foreign leverage. To be sure, Vietnam did receive aid from the Council for Mutual Economic Assistance, but it was not enough to help the beleaguered economy. Nearing economic collapse and social upheaval, Vietnam initiated an economic transition, Đổi Mới, which fundamentally shifted its economy to adopt market-determined prices and free enterprise. Đổi Mới would relax state control over certain economic sectors of the country allowing it to prosper. For instance, state control over cooperatives and land use was eased and direct foreign investment was allowed. Ninh is not the only one that noted economic

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115 Ibid., 21.
security should be the leading driver to ensure survival of the Party. A similar observation was made in the journal *Business Horizons*:

Political freedoms may inch along, the gap between rich and poor can widen, corruption can be ignored, the environment can be exploited; in the end, many transgressions will be tolerated as long as the people have a solid belief that greater wealth will be delivered and the quality of life will improve.\(^{116}\)

The author of this article suggested that other national issues may be disregarded, although they are present, if economic security is achieved. Both Ninh and Schultz underscored the importance of securing economic security first by the party. Perhaps the most convincing evidence would be the words of the regime itself. According to an evaluation after 30 years of Đổi Mới from the Communist Review, the theoretical and political agency of the VCP, “Leading the renewal process [Đổi Mới], the Communist Party of Vietnam determined that economic development is the *central* task and Party building is the key task.”\(^{117}\)

Commitment to economic security above others had brought success. In the 1990s following Đổi Mới, its economy indicated rapid growth; and this continued after the Asian financial crisis and into the new millennium, unlike many of its neighbors. In fact, gross domestic product (GDP) growth averaged 7.6% through the 1990s and after 1997 remained rather good at around 4%–5%, hitting near 7% in 2000.\(^{118}\) In 10 years, the share of exports in total demand had grown, from almost zero, to equal domestic demand. Such rapid globalization is attributable to placing economic security first.


Economic prosperity came at a price. Đổi Mới forced the party to reconceptualize itself and its foreign relations. Firstly, engaging in private commercial endeavors meant exploitation of labor, a severe contradiction to the ideology of the party. Secondly, the leaders had to shed the realist worldview (self-help) and to accept a cooperative one. With the Indochina and Vietnam War fresh in their memory, many top leaders, understandably, found regional or international cooperation to be troublesome. Constant vigilance had always been required for the state under siege to guarantee its physical survival which now had to be relaxed in order for Vietnam to integrate into the global community. To the party, this was a life-or-death requirement as stated by top party leader Troung Chinh even though it would fundamentally alter the VCP which had long seen itself as a loyal follower of socialism and distrusted foreign influences.

Thirdly, the reform meant increased regional cooperation for Vietnam in terms of negotiating political and economic relations with other Southeast Asian states which was a departure from its previous preoccupation with big-power politics. In the end, economic security was of vital importance, and the top leaders accepted subservient positions for other priorities such as Party ideology and control.

Vietnam’s position in the SCS dispute—favoring sales of oil and natural gas fields, unceasing oil and natural gas exploration, protecting its fishermen, and maximizing its EEZ claim—reflects its need to prioritize economic security first.

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119 Ninh., 452.
120 Ibid.
Economic Security Trumping Energy Security

Figure 9: Overview of supply and demand for different energy types in Vietnam.\(^{121}\)

Vietnam, unfortunately, is quickly approaching an oil import scenario. According to Figure 9 above, one could see that Vietnam will need 135.4 megatons of oil equivalent (MTOE) while supplying only 88.7 MTOE on its own by 2025, meaning that 34.5 % of its supply will have to be imported. With the exception of nuclear power, all sources of domestic energy production will have greater demand than supply. Oil will present the largest gap in supply and demand, and importation could take place as early as 2015.\(^{122}\) Coal will present the second largest gap followed by the other sources with insignificant disparities between supply and demand.

Given the rise in import of energy, the Vietnamese government has taken actions to improve the situation. First, Vietnam intends to boost its nuclear sector. According to the International Energy Agency:

\(^{121}\) *Energy Balances of Non-OECD Member Countries - Conversion Factors Vol 2009 Release 01* (IEA World Energy Statistics and Balances, 2008).

\(^{122}\) "Japan International Cooperation Agency"
Vietnam is the most active and is currently undertaking site preparation, work force training and the creation of a legal framework. Moreover, Vietnam has signed a co-operative agreement (that includes financing) with Russia to build its first nuclear power plant, with construction expected to begin in late 2014 and nuclear to enter the power mix before 2025.

With the nuclear plant becoming activated, Vietnam hopes that it would produce 12 gigawatts of the predicted 150 gigawatts required which is approximately 8% of the total power generation. The main challenge, as with any other nations possessing nuclear facilities, is the safety related to operating a nuclear power plant. Incidents such as Fukushima have largely soured public trust, and establishing a new nuclear plant in Vietnam would raise doubts domestically and internationally. Second, to address the growing energy shortage as well as enhancing the environment, the Vietnamese government assigned a prominent place for energy efficiency and conservation on Vietnam’s National Strategy of Economic Activities and Environmental Protection. The Prime Minister announced the National Energy Efficiency Program that would focus on the introduction of activities to promote economic and efficient use of energy across the whole society.123

The oil and gas found in the South China Sea could help alleviate the problems currently experienced by Vietnam’s energy supply. First, it would extend the timeline of Vietnam’s rate of depletion for oil and gas, assuming that the more energy a nation has the longer it can sustain itself. Second, and as a result of having more indigenous supplies, Vietnam would be able to reduce its import dependence from other countries. Third, the added resource will reduce pressure to expand complex energy sectors. For instance, Vietnam could sidestep the obstacles related to building, operating, and decommissioning dangerous nuclear facilities by extracting

more oil and natural gas to fuel its demand. Lastly, the money saved from not having to import oil and gas could be diverted to enhance proven energy sectors such as building more dams for hydroelectricity.

Vietnam’s current position of selling rights to its oil and natural gas blocks to foreign companies is counterproductive to maintaining energy security. With oil consumption increasing year-over-year and overall by more than 70% from 238,400 bbl/d in 2004 to 413,000 bbl/d in 2013, the country will have to import a majority of refined products to satisfy its demand.\textsuperscript{124} Vietnam needs to maintain these resources and develop them for domestic consumption to combat its energy depletion. Furthermore, increased domestic production leads to lower prices, meaning that oil prices are higher when imported.\textsuperscript{125} From the energy security standpoint, selling off its oil and natural gas blocks is counterintuitive.

While seemingly illogical to risk energy security, Vietnam’s championing economic security of late makes its action rational. The oil and natural gas fields are bringing Vietnam considerable revenue. With India alone, Vietnam can secure as much as $15 billion a year.\textsuperscript{126} Thus, the concern for energy security takes a backseat to economic security. The adoption of Đổi Mới showed that the leaders were willing to make substantial sacrifices in order to maintain economic growth, and Vietnam’s current position reflects this ideology.

\textit{Economic Security Trumping Anti-Corruption Efforts}

\textsuperscript{124} “Vietnam: Overview”.


\textsuperscript{126} “India and Vietnam Just Signed an Oil Exploration Deal That Will Infuriate China,” \textit{Associated Press} 2011.
The Vietnamese Communist Party views corruption, tham nhũng, as a threat to undermining regime survival and, more broadly, national security. Vietnam’s main industries such as airliners, agriculture, and oil and gas companies are plagued with systemic corruption. One major reason is because they are state owned and operated; that is, high state officials have close relations to these companies and are often serving on the executive board themselves. As reported by the leading newspaper in Vietnam by circulation Thanh Nien, a former general director of Vietnam Bank for Agriculture and Rural Development was sentenced to death for embezzlement, abuse of power, fraud and deliberately violating state economic regulation causing $25.1 million in losses.¹²⁷ The public, in response, has lambasted the government via social media. For instance, social media posts satirizing Vietnam’s near bottom standing in the 2015 Transparency International Corruption Perceptions Index are viral among its 30 million Facebook users, and burglars are specifically targeting state officials.¹²⁸ Vietnam’s most senior officials have often admitted that corruption is chipping away at people’s confidence in the party and that curbing would strengthen the party. Vice Chairman Nguyễn Công Ngo’s speech to the United Nations stated a primary goal for the party to fight corruption:

Increase control in the exercise of state power, prevent abuse of power and office holders from seeking personal benefits through improving the civil service’s efficiency, transparency and service attitude, culturing honesty, impartiality, integrity, dedication, professionalism among civil servants and public employees, promoting ethical standards, professional ethics in the public service.

Ngo, while acknowledging that eliminating corruption is no easy task, is of the view that corruption must be constrained in order to bolster the state apparatus and the party’s control of the nation. This reason, along with maintaining prestige and averting escalation in state and


society tension, places corruption among the priorities in sustaining regime survival, which is a national security issue for the VCP.

Corruption also impairs overall economic growth, the primary national security concern for Vietnam. For example, *The Journal of Banking and Finance* published an investigation that revealed the state sector being privileged at the expense of the private sector.\(^{129}\) Specifically, the authors investigated 900 Vietnamese firms, both private and State-Owned Enterprises (SOEs), from the 24 provinces through an analysis of variance statistical method. They concluded that there was a strong inverse relation between corruption and the growth of private firms while there was a slightly positive relation between corruption and growth of SOEs. In other words, as corruption increases the growth of private firms decreases. As an increasingly market-oriented country, Vietnam needs its private sector to grow but corruption, shown by the preceding study, will hinder this. Foreign investors, in addition, will likely devalue the integrity of the regime, and they will not be willing to heavily invest into the country which reduce the needed capital to fund projects and programs. More importantly, a stagnant economy often leads the citizens to advocate for economic reform which could be ignited by their already disenchantment with corruption. Corruption, thus, is a threat to regime survival because it inhibits economic growth, the primary national security issue.

Vietnam has taken measures against its rampant corruption problem. The underlying motives could be various such as appeasing foreign investors or domestic unrest. Regardless, the regime has been verbally and physically committed reducing corruption. In a recent major push, for

example, Vietnam launched the “Vietnam Anti-Corruption Initiative Program 2014” (VACI 2014) which was co-sponsored by the World Bank and the Irish Aid and Department for International Development. This is a part of a series of programs aimed to support the implementation of innovative ideas to strengthen transparency, integrity, and accountability and to reduce corruption.

Vietnam’s unimpeded expansion of its oil and natural gas production in the South China Sea runs counter to its desire to curb corruption. The enormous oil and natural gas production capacity in the South China Sea should alarm Vietnamese. If Chinese calculations are correct that the South China Sea could yield 130 billion barrels of oil, then this region would contain more oil than any area on Earth except for Saudi Arabia leading some Chinese speculators to call it “the second Persian Gulf.” As discussed earlier, Vietnam’s SOEs are infamous for their systemic corruption. The key company in the oil and natural gas sector that serves as both the operator and regulator of the industry is PetroVietnam. Production and exploration are undertaken by PetroVietnam's upstream subsidiary, PetroVietnam Exploration and Production (PVEP), or through PetroVietnam's joint ventures with other companies. PetroVietnam partners with International Oil Companies (IOCs) such as ExxonMobil, Chevron, and Zarubezhneft. These IOCs must receive approval from the Oil and Gas Department of the Prime Minister and must negotiate upstream licenses with PVEP. Essentially, the Party controls PVEP which operates and regulates all aspects of oil and natural gas exploration in Vietnam. Thus, officials

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132 “Vietnam: Overview”.
involved with PVEP could succumb to the same vice as Tran Van Luc, the director of Vietnam’s Railway Authority or other high ranking SOE officials embroiled in corruption. Unfortunately, Vietnamese officials have not addressed the highly probable chance of corruption within PVEP operating in the South China Sea as they have done to other state-owned sectors. During a sweeping cleanup of its financial sector, Vietnam has declared death sentences to corrupted officials. Vu Viet Hung, former director of the Central Highland branch of Vietnam Development Bank, received a death sentence for being involved with nearly a hundred-million-dollar scam.\(^{133}\) Within the transportation sector, Vietnam has forced the resignation of Dao Dinh Binh, head of Vietnam’s Ministry of Transportation, for allegations of bribes and frauds running in the tens of millions of dollars.\(^{134}\) Being the country’s largest SOE, PVEP has not undergone similar scrutiny. The Natural Resource Governance Institute reported that PVEP does not provide full reports on its operations or subsidiaries and is audited at irregular intervals with results not published afterward.\(^{135}\) Additionally, Vietnam’s National Assembly rarely investigates allegations of mismanagement in the oil sector, and national accounts are not audited regularly. In fact, the report cited a national law that prohibits disclosure of information on reserves, petroleum blocks, projects, contracts, or profits because these aspects are considered “state secrets”. Effectively, PVEP and its uninterrupted operations can evade anti-corruption legislation because it does not have to disclose pertinent information.

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\(^{133}\) Anh Ngoc and Ngoc Quyen Tran, "Vietnam Sentences Banker to Death, Debtors Get Life in Grand Scam," *Thanh Nien News* 2014.

\(^{134}\) "Vietnam's Minister of Transportation Resigns as Anti-Corruption Campaign Looms," *Voice of America* 2009.

Vietnam’s decision to protect PVEP from institutionalized measures against corruption is obviously deleterious to its fight against corruption. However, the economic benefits of PVEP, operating as a monopoly over the lucrative oil and gas sector, outweigh its festering corruption which enable PVEP to continue its business unchecked. Vietnam’s uninhibited oil and natural gas exploration aligns with its prioritization of economic security first since it is disregarding the corruption component PVEP as it generates revenue for the state.

**Economic Security Trumping Foreign Relations**

Protecting its fishermen in disputed waters is antagonistic to other claimants. Vietnam reiterates that it aims to settle the SCS dispute in a peaceful manner. In a note to the Secretary-General of the United Nations on 18 August 2009, the Permanent Mission of the Socialist republic of Vietnam stated:

It is firmly held by Viet Nam that all disputes relating to the Eastern Sea (South China Sea) must be settled through *peaceful* negotiations, in accordance with international law, especially the 1982 United Nations Convention on the Law of the Sea and the Declaration on the Conducts of Parties in the South China Sea (Eastern Sea)-DOC. In the Declaration on the Conduct of Parties in the South China Sea specifically, Vietnam affirms and commits to the following provision:

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136* No. 240 Hc-2009 2009.*
The Parties undertake to *exercise self-restraint* in the conduct of activities that would *complicate or escalate* disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner.\(^{137}\)

By publicly assuring its fishermen that they can operate in the disputed water, Vietnam complicates and escalates the dispute further. Mainly, the chance of altercations would increase, as evident by numerous Vietnamese ships already being harassed, or worse shot at,\(^{138}\) because fishermen know that they have governmental support and would become more emboldened compared to no, or little, official support. Thus, assuring its fishermen that they have the right to be in the disputed waters places Vietnam in a precarious position with the other claimants if fostering peace and deescalating tensions is the goal.

Vietnam being expansionistic in its claim by maximizing its EEZ, while legal, is likely to strain relations with other claimants. First, China is highly unlikely to oblige or uphold the 350 NM expansion because it has not done so for the smaller, standard 200 NM EEZ. Figure 7 shows if Vietnam’s EEZ were to expand to 350 NM off its coast, then Vietnam would have sovereignty over nearly the entire SCS, effectively negating any territory to claim by China. This outer limit, in fact, would extend the standard 250 NM EEZ by 40% in an area that is highly contested. Second, the extension would protract the dispute even further. Vietnam claims that it can prove, through seismic data acquisition, that its continental shelf extends farther than the 200 NM limit. This is a prerequisite to claiming the larger 350 NM EEZ limit. This claim will have to be scrutinized by the United Nations’ officiating body. For example, the data acquisition method will need to be verified as well as the data processing technique

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\(^{138}\) Trung.
which is both consuming in time and resources. This would cause delay in the broader dispute, and possibly anger claimants looking to resolve the dispute sooner. Third, by extending the EEZ to 350 NM, the new outer limit would severely encroach into the Philippines’ 250 NM claim. Such annexation by this extension would not be viewed favorably by the Philippines. Given China’s unwillingness to settle for a compromise, the need to validate Vietnam’s seismic evidence, and its encroachment into the Philippine’s claim, the 350 NM extension is likely to strain relations among claimants in the SCS dispute.

One major concern for economic security is Vietnam’s urban-rural gap. The drastic difference between the wealth and employment of the urban and the rural area hinders overall national growth. Ho Chi Minh City and surrounding provinces have a per capita income that was 2.7 times higher than the national average while the rural central region earned less than half the national average. Additionally, about 10 percent of the urban population is unemployed compared to 50% in rural areas in 1992. More recently, the poverty profile, số liệu nghèo, issued by the Vietnamese General Statistics Office for the year 2012 showed 22.2% of poverty stricken people, earning less than $1.25 per day, reside in the rural areas while 5.4% reside in the urban areas.

The South China Sea presents a significant opportunity to address the urban-rural gap by increasing resources for fish farmers and fishermen living in rural areas. Fish farmers are those who convert arable land into aquaponds to grow fish or shrimp. They operate on a very small scale, about 1 hectare which represents the average rural family house hold. There are

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139 Ninh, 472.

approximately 700,000 people directly involved in Vietnam’s fisheries and 4 million indirectly.¹⁴¹ Fishermen are generally those who venture into the sea and fish for sustenance. Both fish farmers and fishermen are competing for fish, a depleting resource in coastal waters. Fishermen use the fish to feed their family with excess being sold for profit. Fish farmers use fish, along with other marine species or marine-derived products, to feed their aquaponds. Unfortunately, fish farmers are unlikely to decline in numbers. As more and more rural households flock to aquaculture due to initial success of the first wave, their profits have declined precipitously. In 2007 about 37% of the households felt that they gained net profit compared to the 80% in late 1990s.¹⁴² Converting the land back for traditional farming takes time due to the rate of desalinization and refertilization. Many households are in debt from their initial investment to start their aquaculture enterprise and cannot afford to skip a cycle of fish farming. They are forced to continue despite dwindling, and often negative, returns. If Vietnam could claim its extended EEZ, then its fishermen could venture farther out into the South China Sea in search of new fisheries where they had been forcibly expelled by the Chinese Coast Guard. The competition for fish between the fish farmers and fish catchers could be eased if Vietnam could secure the 350 NM EEZ or, at least, the standard 200 NM EEZ. Consequently, the fish farmers could have more access to the coastal fisheries to feed their farms and potentially increase their yield per cycle which could improve their profit. It would be feasible that with enough returns, some fish farmers could adopt other uses for their land which benefits them by not being stuck in the low returning fish farming.


This occupational shift would add to the reduction in competition between continuing fish farmers and fishermen. In essence, the SCS can reduce the urban-rural gap by boosting production in the rural areas for fish farmers and fishermen.

Protectionism and expansionism, thus, are economically sensible. Because of the shortage of fish in coastal areas compounded by high demands from fish farmers, Vietnam encourages fishermen to venture farther into the sea to increase overall productivity of rural maritime enterprises. At the strategic and international level, Vietnam is filing claims via UNCLOS to extend its EEZ to legally secure resources for its fishermen which simultaneously benefits its fish farmers as well. The South China Sea could theoretically improve the production of the rural areas which reduces the rural-urban gap thereby boosting overall economic growth. Protectionism and expansionism are not constructive toward positive foreign relations with respect to settling the SCS dispute, but they are fruitful for potentially reducing the urban-rural gap reaffirming Vietnam’s commitment to economic security first.

**Conclusion**

The Vietnamese position in the South China Sea dispute—expansionistic in EEZ claim, nationalistic in crafting narrative of sovereignty, protective of fishermen, unhindered oil and natural gas exploitation, and favoring foreign sales of oil and natural gas field—is designed to address other national concerns. Vietnam is expansionistic in its EEZ claim to resist external encroachment, specifically China’s Nine-Dash Line claim, to the highest degree possible under UNCLOS. Vietnam is constructing a nationalistic, patriotic message of defending the nation from foreign invaders, protecting its fishermen, and suppressing dissenting narratives to mobilize and control the population reflecting the “People’s War” strategy. Vietnam is selling rights to its oil and natural gas fields, continuing oil and natural gas exploration unabatedly, protecting its
fishermen, and expanding its EEZ claim to ensure economic security, its main priority, despite the ramifications to its energy security, anti-corruption efforts, and foreign relations, respectively. Đổi Mới came with a heavy price-tag, but it ushered Vietnam into an era of prosperity. Vietnam’s current emphasis on economic gains in the SCS appears to follow the same previous commitment to economic security during Đổi Mới.
CHAPTER 5. THE PHILIPPINES

Position

“The South China Sea is an interest area in the Philippines because the dispute is very near to our islands in Palawan making us very vulnerable.”

- Commodore Bon Dan Chan, Commander of the Philippines Coast Guard Logistics Service

The Philippines’ position in the South China Dispute, similar to China and Vietnam, stems from its desire to address other national concerns. Generally, the Philippines has approached the dispute through primarily “lawfare” and multilateral and bilateral alignment, but has also at times adopted more aggressive means.

Standoffs and clashes with China have occurred, to be sure; but the Philippines is ardently placing great faith in the rules and institutions of the international community. Specifically, the Philippines is clamoring for a judgment pertaining to its claim by The Permanent Court of Arbitration under the governing laws prescribed by UNCLOS. On July 07 2015 at the Peace Palace, the Hague, Netherlands, the Philippines Secretary of Foreign Affairs Albert F. Del Rosario promulgated its most recent position with respect to the dispute. First, Secretary of Foreign Affairs Rosario stated that the Philippines’ claim follow entitlements prescribed by UNCLOS. This would include a territorial sea, exclusive economic zone and continental shelf, and the rights and obligations of the Philippines within these zones. Second, the Secretary went on to refute China’s “historic claims” beyond what UNCLOS permits; thereby discrediting the Nine-Dash line and all Chinese claims beyond its continental shelf. Third, he poignantly

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143 Quote from an interview held during his visit to the Asia-Pacific Center for Security Studies, Nov 2015.

144 Albert F. Del Rosario, Why the Philippines Brought This Case to Arbitration and Its Importance to the Region and the World 2015.
mentioned the presence of representatives of Vietnam, Malaysia, Indonesia, Thailand, and Japan as supporters of his cause while repeatedly noting that China is instigating instability in the region. In order words, the Philippines sees other claimants as allies in facing up to the dominant aggressor—China. Fourth, the Secretary argued that it is illegal for China to alter the original nature and character of the sea features and that its massive land reclamation projects have brought irreversible damage to the marine environment. The points enumerated by the Secretary regarding the Philippines position in the territorial dispute reflect its previous commitment to lawfare. For example, the well-known Mischief Reef incident in 1995 between China and the Philippines resulted in the Philippines submitting a Joint Communiqué with China reaffirming that they will adhere to settling the dispute in accordance with UNCLOS:

The two sides commit themselves to the maintenance of peace and stability in the South China Sea. They agree to promote a peaceful settlement of disputes through bilateral friendly consultations and negotiations in accordance with universally-recognized principles of international law, including the 1982 United Nations Convention on the Law of the Sea. They reaffirm their adherence to the 1995 joint statement between the two countries on the South China Sea and agree not to take actions that might complicate or escalate the situation. The two sides expressed their determination to follow through the work of the China-Philippines Working Group on Confidence Building Measures to enhance peace and stability in the region. They reiterate that they will contribute positively toward the formulation and adoption of the regional Code of Conduct in the South China Sea.  

The Philippines has since reiterated that its actions and claims are legitimized under the purview of UNCLOS.

The Secretary did not mention the exact coordinates of the Philippines’ maritime boundary. Yet, the boundaries could be reasonably demarcated assuming that the Philippines is

145 Ibid.

applying the stipulations from UNCLOS. The University of Philippines published a map indicating the approximate boundary:

![Map of Philippines](image)

Figure 10: Map of Philippines claim in relation to other claimants.\(^{147}\)

The Philippines’ claim strictly adheres to UNCLOS in that it only extends out to sea by 200 nautical miles which reaffirms the Philippines’ approach of adhering to international laws. The map above shows some key features of Philippines’ claim. In particular, the Bajo de Mansiloc

and Kalayaan Island Group are annotated as residing mostly within Philippines’ 200 NM EEZ. These two regions have experienced the greatest dispute. The Kalayaan Island Group is claimed by the People’s Republic of China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei Darussalam while its claim to Bajo de Mansiloc is being contested by China and Taiwan only. The limits of the Philippines claim show that the country is claiming only what it sees as supported by UNCLOS which legitimizes its position regarding the Bajo de Mansiloc and Kalayaan Island Group.

In deterring Chinese advancement in the disputed areas, the Philippines has pursued both bilateral and multilateral negotiations with poor results. With regard to the former method, President Ramos visited China in April 1993. On his return to Manila, he publicly announced that he had been reassured by President Jiang that China would shelve the conflict and join in the peaceful development of the islands in the South China Sea. In terms of the multilateral approach, the Philippines has sought the help of ASEAN. Through ASEAN, China agreed to sign the Declaration on the Conduct of Parties in the South China Sea on November 2002. According to the document, signatories will be “cognizant of the need to promote a peaceful, friendly and harmonious environment in the South China Sea between ASEAN and China for the enhancement of peace, stability, economic growth and prosperity in the region.” (Bolkiah et al. 2002) While having China sign this document was certainly a positive step toward stability, demonstrating the power of multilateral diplomacy, China’s actions have demonstrated the limits of its effectiveness in the SCS dispute. With respect to Mischief Reef, China has yet to cease its contested build-up there. Figure 11 below shows China’s continuous effort to upgrade a single


149 Mohamed Bolkiah et al., Declaration on the Conduct of Parties in the South China Sea 2002.
permanent structure to a multi-story building despite protests from Manila and contradicting its assurance to promote peace stipulated by the Code of Conduct. Furthermore, reconnaissance photos revealed ongoing land reclamation by China. Figure 12 shows the numerous dredgers at work to create new land formation and to reshape the reef to the desires of the Chinese for some unknown motives. The photo, published on March 17, 2015, underscores the ineffectiveness of multilateralism. Despite initial and visible progress in the areas of verbal reassurance or establishing a code of conduct, Filipino diplomacy has been de facto unsuccessful in halting Chinese encroachment on what the Philippines perceives as its territory.

![Figure 12: A slide from a presentation by Philippines congressman Rep. Ashley Acedillo.](image)

Figure 11: A slide from a presentation by Philippines congressman Rep. Ashley Acedillo.
Figure 12: Several dredgers are present to construct fortified seawalls and artificial land formations.

Occasionally, the Philippines has acted more hawkishly. The Philippines has been staunchly supportive of its fishermen. In response to the incident on January 27, 2014 when the Chinese coast guard tried to drive away Filipino fishermen inside Philippines claimed, though disputed, water, the Armed Forces Chief of Staff General Emmanuel Bautista told foreign correspondents that the Philippine would react militarily should China use further violence against Filipino fishermen.150 The British Broadcasting Company reported on 24 November 2014 that the Philippines arrested a Chinese fishing boat operating in its waters near Palawan despite China’s threat that retaliation could ensue if its fishermen are not released.151 Despite this warning, the Philippines did not release these fishermen until a year later when their sentences were expired.152 The Philippines arrested 122 Vietnamese fishermen in what it claims as the largest apprehension of foreign fishermen on the charge of illegal entry and illegal fishing in Philippines claimed territories.153 The Philippines has made it clear in the South China Sea dispute that it is willing to apprehend foreign fishermen in order to defend its claimed fishing grounds.

The current President, Benigno Aquino III, is actively increasing the rate of modernizing its military forces. The Armed Forces of the Philippines, AFP, ostensibly began a program of modernization beginning in February 1995, but progress was marginal. According to Renato Cruz De Castro, a professor in the International Studies Department at De La Salle University in

151 “Philippines Convicts Chinese Fishermen of Poaching Rare Turtles,” BBC 2014.
Manila, the Arroyo administration did not vigorously provide the requisite support. Specifically, by 2010, fifteen years after the initiation of modernization, the AFP had neither acquired a weapons system that could support the Philippine’s territorial defense capabilities nor increased the size of the Navy. In fact, during Arroyo’s reign, defense spending was less than it was prior to his mother’s reign as President. A defense analyst, David Shaw, wryly stated, “There have been constant proposals on defense modernization in the Philippines, and the end result has been virtually zero.” The Aquino administration is looking to change the fortune of the AFP. While speaking at the installation of Lt. Gen. Ricardo David Jr. as Armed Forces chief, Mr. Aquino affirmed that “funds will be released and… I will give you the tools to do your job.” The current Aquino Administration launched the “Long-Term Capability Development Plan” which is more ambitious than the Arroyo administration’s 2006 Capability Upgrade Program. The former plan will allot an estimated $8.5 billion for the acquisition of multi-role and lead-in fighter planes, surface attack aircraft, and long-range reconnaissance planes, multi role attack vessels, offshore patrol craft, and even surface-to-surface and surface-to-air missiles. Unlike the empty promises from the Arroyo’s administration, the current Aquino administration has delivered. In September 2011, for example, the Department of Budget released approximately $117.13 million for the Filipino Air Force and Navy where different portions went to acquiring base support and logistic systems, new coast guard cutters, and helicopters;


moreover, by the first 17 months of his presidency, Mr. Aquino had spent a total of $387 million in modernizing the AFP.\textsuperscript{158}

**Motivation**

The Philippines’ position in the South China Sea was previously described as consisting of “lawfare”, protection of fishermen and fishing grounds, bilateral and multilateral negotiations, and increased militarization. Its position, like China and Vietnam, is formulated to address other national concerns which are combating socioeconomic inequalities and establishing identity of the nation-state.\textsuperscript{159}

**Socioeconomic Inequalities**

Socioeconomic inequalities in general have proven to be a source of national instability. While it may be trite to discuss this perennial issue, it is important to understand the degree of its severity in the Philippines. Disgruntled with Marcos and his cronies, the Filipino public successfully toppled his administration despite the backing of the regime’s powerful American ally. In 2001 at the Epifanio de Los Santos Avenue, the rigid class-based schism in the Philippines was made most apparent when the upper and middle classes removed Joseph Estrada allegedly for corruption while the lower class united to reinstall him because he was a patron of the poor.\textsuperscript{160} Furthermore, state sponsored media perpetuates the infantilization of the poor to forward the idea that they are incapable of political reasoning thereby rationalizing the existence of the elites. Instances of the elites tramping on the poor are numerous. For example, many poor

\textsuperscript{158} “Philippines Spends Us$387 Million on Armed Forces Upgrade,” *BBC* 2012.


\textsuperscript{160} Christopher N. Magno and Phillip C Parnel, ”The Imperialism of Race: Class, Rights and Patronage in the Philippine City “ *Race and Class* 56, no. 3 (2015).
residents in the North Triangle were imprisoned when they protested against the demolition of their homes; sidewalk vendors had their goods and stands burned.\textsuperscript{161} The elites in power reasoned that these acts were beneficial for the state. The hard-handed approach to controlling the poor, often through violent repression or forced relocation, pushes the poor to engage in crime to survive and disempowers them from achieving their goals through legal means.\textsuperscript{162} The precarious relationship between the elite and the lower class has demonstrated itself to be a significant source of national instability.

Under President Aquino III, the first public think-tank in the Philippines, the Angara Centre for Law and Economics, was established, in part, to address socioeconomic inequalities. A major series of roundtable discussions organized by this center was “Taking the Philippine Economy to the Next Level: Promoting Inclusive Regional Development.”\textsuperscript{163} In the Fourth State of the Nation Address on July 22, 2013, President Benigno S. Aquino III reaffirmed bringing equality:

What we call inclusive growth—this all-encompassing progress—is the principle that drives every initiative, every action, and every decision of your government. The only ones who will be left behind are those who chose not to venture onwards with us, simply because they did not seize the opportunity.\textsuperscript{164}

Social inequality is a top priority and a national security concern for the Philippines, and the Philippines position in the South China Sea is driven by this concern. Socioeconomic inequalities presently exist in spatial and class structure terms for the Philippines.

\begin{footnotesize}
\begin{enumerate}
\item\textsuperscript{161} Randy David, "Bayani Fernando and the Urban Poor", \textit{Inquirer} 2015.
\item\textsuperscript{162} Ibid.
\item\textsuperscript{163} ”Widening Gap between Rural, Urban Wages Explained," \textit{The Philippine Star} 2013.
\item\textsuperscript{164} \textit{Benigno S. Aquino III, Fourth State of the Nation Address, July 22, 2013} 2013.
\end{enumerate}
\end{footnotesize}
**Spatial Effects**

Regarding the spatial issue within the broader context of regional economic development, the Philippines has lagged behind nearby nations such as Malaysia, Thailand, Indonesia, and China from the sixties to the present. Figure 13 displays the Gross Domestic Product, GDP, for these countries from 1985 to 2014. The Philippines currently has the lowest GDP per capita among these countries. Additionally, Indonesia and the Philippines shared the same level of GDP per capita in 1985, but by 2014 Indonesia had noticeably surpassed the Philippines. Worst, China had a lower level than the Philippines in 1985, but it had grown to be two and a half times the level of the Philippines by 2014. The Philippines, additionally, experienced the lowest rate of increase among all five countries noted. Between 2005 and 2014, all other countries experienced significantly sharper rates of increase in GPD per capita than the Philippines.
Within the Philippines itself, spatially socioeconomic inequalities also exist. Significant disparities in shares of GDP exist among the 7,107 islands of the Philippines archipelago. Luzon, the northern region including metropolitan Manila, dominates the rest of the country by contributing nearly 65% to the national GDP; the central region, Visayas, and the southern region, Mindanao, contributed approximately 17% each. The National Capital Region outperformed the national average by 2.6 times. Consequently, it doubled the output of the next richest region, Cordillera Administrative Region, and overpowered the poorest Autonomous Region in Muslim Mindanao by eleven times. Thus, the Philippines exhibits one of the worst spatial developments in the region.

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Gaining access to these disputed areas would significantly help the socioeconomic inequality of the Philippines spatially. Several Filipino institutions have published research on the natural resources that can be found within the disputed area. For example, the Asian Center and Institute for Maritime Affairs and Law of the Sea at the University of the Philippines published a report that detailed these resources. The two most prominent resources are the annual fish catch that could amount to 773 Million PhP and the oil and gas deposits that can provide the country’s total fuel demand for the next 20 years.\textsuperscript{167} Less significant resources include, but are not limited to, minerals such as phosphate, magnesium, and cobalt; islands for tourism, shelter for fishermen, and refueling stations for military and civil ships.\textsuperscript{168} MIMAROPA is the administrative region that would be most affected by the dispute because most Filipino fishermen operate from and reside there. It consists of Oriental Mindoro, Occidental Mindoro, Marinduque, Romblon, and Palawan with a total population of 2,744,601. With a total land area of 2,745,601, the population density is 93/sq. km.\textsuperscript{169} The Republic of the Philippines National Economic and Development Authority published a report, the 2013 Regional Economic Situation: MIMAROPA, which showed the relative importance of fishing to the region. Specifically, fishing generated 8.1 billion PhP in 2012 while other industries and subsectors such as agriculture, mining, manufacturing, and business combined to generate 101.3 PhP.\textsuperscript{170} In other words, fishing accounted for roughly one-tenth of the region’s total GDP, not including services and labor associated with fishing like engine maintenance. The full effect would be appreciably greater. Most importantly, when one

\textsuperscript{167} Baviera and Batongbacal.

\textsuperscript{168} Ibid.

\textsuperscript{169} Mimaropa Region.

\textsuperscript{170} Regional Economic Situational: 2013 Annual Res 2013.
considers that regions like Metro Manila and CALABARZON generated 3.8 and 1.7 billion PHP in the same year, respectively, then MIMAROPA needs to maximize its revenue to decrease the enormous gap.

Consequently, the need to improve the livelihood of the fishermen in the destitute state of MIMAROPA pushes the Philippines to hold its current position where it is committed to support and defend the activities of its fishermen and its fishing grounds in the South China Sea.

**Class Structure Effects**

Uneven socioeconomic development also exists among the social classes. Many scholars attributed this to the colonial period. According to Dr. Dante C. Simbulan and Dr. James C. Scott, US colonial administrators reserved important public posts and leadership roles for those Filipinos who had held one of several local political offices prior to August 1989, who owned property valuing more than 500 pesos, and who possessed fluency in English or Spanish.\(^{171}\) Those possessing these qualities became the elites as they collaborated with the US, generating a patronage relationship and enabling the subjugation of their entire nation. The World Bank estimated that the GINI Index, measurement of income distribution, for the Philippines in 2012 is 43, where 0 is perfect equality and 100 as perfect inequality; Indonesia, Thailand, and China have indices of 38, 29, and 27 respectively.\(^{172}\) From the national to the local level, powerful elites have manipulated the governmental system to implement policies that are bereft of the nation’s overall strategic growth in favor of the elite’s interest. In *The Economy of the*


Philippines: Elites, Inequalities and Economic Restructuring, Peter Krinks illustrated how the gargantuan wealth garnered by Filipino elites was not accidental; he showed, for instance, how the elites diversified from once owning the major factor of production—land—in the colonial era to acquiring modern modes of wealth production such as urban business. This further entrenched their powerful role in the economy giving them greater clout in influencing politics which could be redirected to the economic restructuring effort from primary to services sectors. This is a viscous cycle where the labor component, the poor lower class, suffers.

The loss of fishing grounds would adversely affect the lower classes, widening even more class structure problems. Recent trends have shown that the fishing in MIMAROPA is quite lucrative in comparison to agriculture and forestry. In a recent research on the Tagbanua group, a long considered upland swidden people, Wolfram H. Dressler and Michael Fabinyi uncovered that this group has “stepped back” from swidden agriculture in favor of harvesting the more lucrative grouper (coral trout or leopard coral grouper, Plectropomus leopardus). The poor group would be severely affected by the loss of access to fisheries. First, they would be in debt from borrowing money to finance their fishing enterprises. Second, their land has not been prepped for immediate operation. This group, along with other fishermen alike, will need to find alternate income while lacking in proper skills and accruing interests on their loans. The upper class would be affected as well. According to the Philippine Economic-Environmental and Natural Resources Accounting (PEENRA), municipal fishing generated 68 percent of the total


employment, followed by aquaculture with 26 percent and commercial fishing, 6 percent. As noted by Perter Krinks above, the Filipino elites own and operate nearly all major business entities meaning that they probably operate the commercial fishing sector. The closure of fisheries could hurt the elites in commercial fishing as well as from the stoppage of payment from lower class fishermen entrepreneurs. However, the upper class ultimately has the financial capacity to venture into other enterprises such as opening a shop. While certainly not a minor setback, the upper class has the ability to reposition their income portfolio.

Consequently and following its drive to reduce socioeconomic inequality, the Philippines has made its position clear that its fishermen will not be denied access in its claimed fishing grounds. The loss of fishing grounds would further widen the gap between the lower and upper class because the lower class has more to lose.

*Identity of the Nation-State*

The Philippines’ national identity has not fully solidified over the years. It experiences difficulties formulating this national identity internally in term of unity and externally in terms of independence. Consequently, the Philippines’s position in the South China Sea reflects its struggle to solidify its national identity.

*Internal*

The Philippines’ internal identity has not crystallized as illustrated by ethnic groups refusing rule, governmental bodies outstepping prescribed roles, and the oligarchy challenging proposed systems of governance. Morada and Collier noted that despite having independence and a constitution based on the American model, the Philippines’ identity is still unclear because in

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most areas these abstractions are more formal than real.\textsuperscript{176} The landed elite still has a stranglehold on the country politically and economically given their deep-seated connections and influence so they continued to wield power after the departure of the Americans and the beginning of Philippine Independence. Ferdinand Marcos, in 1972, placed the country under martial law and created a militarized and centralized dictatorship ostensibly to reduce civil strife. Corazon Aquino, riding the “People Power” wave, restored the pre-martial law status quo and civilian supremacy. While she pushed the state into a more democratic realm, the rift between her and the military widened. In dealing with the Communist insurgency, for example, the rift was so wide that the military mounted several coups against her regime. President Ramos vowed to continue with democratization that was started by his predecessor, Corazon Aquino. He made substantial progress in settlements with the Moro National Liberation Front, a Muslim separatist group in the southern Philippines as well as in reducing the power of the oligarchy. Nevertheless, President Ramos was still inhibited by the state’s lack of identity because some influential members called for a parliamentary system while others clamored to stay with the presidential system undermining his authority during his tenure.\textsuperscript{177} While President Ramos made progress in the Islamic dispute, the problem still persists mainly due to non-reconciled terms of autonomy and governance of these groups as well as conflicting strategies employed between the civil authority which speaks of peace talks and the military which continues to actively engage the Muslim groups. To illustrate, the Philippine National Police Board of Inquiry recently released a full report on the Mamasapano incident, a clash with Islamic militants on January 25, 2015, detailing the deaths of 44 members of the 392 mobilized troops. The event occurred as civil

\textsuperscript{176} Ibid., 552.

\textsuperscript{177} Ibid., 572.
authorities assured that peace terms are imminent. Thus, the Philippines has not achieved a state of equilibrium for its internal identity with respect to the limit of administrative reach and the institutionalization of its governmental bodies.

The military has been a threat to national security as a result of not fully having a stable internal identity. The new leader after Marcos, Corazon Aquino, aimed to restore pre-martial law status quo; which meant the reinstatement of “Filipino” democratic intuitions. While her regime positively restored the checks and balances along with other measures of keeping the state more accountable, the AFP mistrusted her regime’s ability to address the insurgency issue. Chief of Staff General Fidel Ramos and Defense Minister Juan Ponce Enrile proposed a comprehensive counterinsurgency strategy to defeat the Communist Party of the Philippines (CPP) and New People’s Army (NPA) by combining civilian and military structures at the regional, provincial, and municipal and boosting intelligence gathering, propaganda, and paramilitary support for the AFP. In contrast, the Aquino government elected to release prominent prisoners such as CPP leader Jose Maria Sison, to provide general amnesty to insurgents who are willing to lay down their weapons, and to conduct peace talks. Aquino’s lack of progress based on its political settlement approach, her disinterest in the counterinsurgency proposal, and her decision to not exclude military representatives in the peace talks led to a widening rift between the regime and the military. Consequently, the military actively derailed the peace negotiations between the Aquino regime and the various insurgencies. For example, the military did not cease-fire as ordered by Aquino and even arrested top CPP leaders during negotiations. The Aquino

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179 Morada and Collier, 561.
180 Ibid., 562.
administration, while it restored pre-martial law status, was not able impart successful political dialogues or economic programs because the military actively scuttled these efforts. It is interesting to note that Fidel Ramos was anointed after Aquino.

Tension would rise between civilian authority and the military if determining the Philippines’ claim in the SCS was kept within the Philippines to decide internally. It has been discussed that the civilian authorities have made no progress diplomatically, through bilateral or multilateral negotiations, and the military lacks the capabilities to enforce its stance. The International Court of Justice seems to be the best option for maximum leverage. If the Philippines opted to define its position by itself, then it would place tremendous pressure on its civilian authority and military to enforce. The first question is who should take the lead? If the civil authorities take the lead, then what measures could they implement other than their previous unsuccessful unilateral and multilateral approaches? This would damage their credibility even further. If the military were to take the lead, then it would undermine civilian supremacy. The point is that there would be competition over resources to meet the interests of the civil-authority and the military. This would be a source of tension in a financially strapped country. In effect, the Philippines lacks institutional capacity to handle the dispute internally, and doing so places tremendous pressure on the various governmental bodies forcing them to disturb the balance of power in order to achieve results.

The Philippines’ position in the SCS dispute to utilize the ICJ is pushed by its need to improve, or at least to maintain, positive civil-military relationships. Its position to utilize a third party, the ICJ, is driven by its need to prevent further fractioning of its civil and military institutions. By deferring judgment to the ICJ, the Philippines takes away a tremendously divisive issue that could destabilize civil-military relations.
Utilizing the ICJ has another benefit. It suggests to the people of the Philippines as well as the international stage that the current regime is one that is righteous and principled. Because earlier regimes got into so much trouble by taking a personalistic approach to politics, the current regime is trying to avoid this in favor of strict adherence to legal methods. Its position in the SCS is a fitting example. It would be difficult for one to make the case that the current regime is acting out of self-interest and not that of the nation-state because its actions are congruent with international legality. Therefore, the regime would also gain additional legitimacy.

The Philippines’ position to modernize its military is another effort to promote positive civil-military relations by discouraging the Armed Forces of the Philippines from becoming a destabilizing threat to national security. Compared to the behavior of the AFP in past administrations, the current approach by President Benigno Aquino III to modernize the AFP has been relatively successful to maintaining proper civil-military relations. Unlike the Marcos administration, Mr. Aquino III has not faced a virtually complete withdrawal of support from the AFP. The Philippine Star reported that field commanders lauded Mr. Aquino’s support for the AFP reform efforts and attributed boosted troop morale.\(^\text{181}\) Lt. Col. Harold Cabunoc publicly thanked the Aquino administration for its support of the AFP’s ability to protect territorial and maritime interests.\(^\text{182}\) Unlike his mother’s administration, Mr. Aquino has not faced the numerous coups often lead by factions within the military. While Mr. Aquino may not have the kinds of military credentials as did Fidel Ramos, the AFP is currently experiencing a similar low level of politicization. And that is exactly what the Aquino administration desires:

\(^{181}\) Porcalla, 1.

The infusion of new combat equipment would pave the way for better appreciation of service members of their role in society. Operating advanced military equipment requires specialized knowledge and training. A military preoccupied with the technical aspects of soldiery would be less inclined and interested to dip its hands in political issues.\textsuperscript{183}

The current Aquino administration has actively prioritized the needs of the AFP, particularly funds for its modernization. One explanation based on Philippines history is that its current position to modernize its armed forces is likely to reduce tensions with the military that could later undermine national stability.

\textit{External}

In addition to internal identity issues, the Philippines has fought to portray itself as an independent nation externally. Since inheriting the nation from Spain in 1898, U.S. military presence in the Philippines had been over a century supporting the Philippines’ external defense as well as helping the local economy surrounding the bases from soldier expenditures and helping the national economy in terms of economic aid. Moreover, the nation was a colony of the U.S. until 1946 with a brief period of Japanese occupation. In essence, to itself and to the international stage, the Philippines had long been represented as an obsequious, dependent nation under U.S. influence. But the Filipinos yearn for autonomy even after the granting of independence in 1946 because U.S. interests, especially those driven by the Cold War, still gripped the nation. To illustrate the pretense of the granting of independence, Dr. Robert Shaffer from Shippensburg University commented:

Recent historians have concluded that Philippine formal independence in 1946 was incomplete and unequal. Legislation gave privileges to U.S. businesses which inhibited autonomous economic development, and the new Philippine political leadership did not represent important sections of its people. Such judgments were also voiced at the time by many American “critical internationalists” who believed that the global colonial

\textsuperscript{183} Office of Strategic and Special Studies, 33-34.
system must end and feared that the Truman administration was betraying that goal in the Philippines. American veterans who served in the Philippines, journalists with long experience in Asia, returned missionaries, and former Roosevelt administration officials - including, most significantly, Harold Ickes - were among those who believed that the United States was granting only “the shadow of independence.”

In October 1990 hoping to finally shed final vestiges of American influence, President Aquino hinted at the removal of the U.S. presence by stating publicly that the bases were not the heart of the Philippine economy even though they are an influential part of Philippine national life. Bringing in a total revenue of $481 million per year, the bases were indeed highly influential. The U.S. was willing to pay the price to maintain its presence in the region given the Soviet military presence at Da Nang and Cam Ranh Bay in Vietnam. Because the Philippines provided a critically strategic location for U.S. defense planners, Filipinos who were pro-American benefited. The case in point was the U.S. support for the Marcos regime that was plagued with rampant corruption and inefficiency. In other words, U.S. military presence directly and indirectly affected the Philippines—militarily, economically, and politically. Having terminated the bases, the Philippines was able to regain a tremendous degree of autonomy.

The Philippines wants to be considered an independent state, but the SCS dispute is challenging this desire. Filipino armed forces lack capabilities. Since the 1947 Military Bases Agreement, the Philippines has been a cornerstone in the U.S. regional presence in East and Southeast Asia with Clark Air Base, for example, playing a key role in U.S. forward deployment

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during the Cold War. As a result the primary agent in external defense has been the U.S. The Philippines’ military was internally focused such as addressing insurgent issues in Mindanao and similar separatist groups. With U.S. military support, having a small military with enough capability to suppress domestic opposition was a sufficient model for the nation. However, on November 26, 1991, the paradigm shifted. The U.S., on that date, returned Clark Air Base to the Philippines and then withdrew its naval forces from Subic Bay one year later. Without the U.S. forces, external defense would obviously be the Philippines’ responsibility, but it is not ready. For example, in 1994, the Philippines was largely helpless in forcing the Chinese military to desist its installation of military structures on Mischief Reef, a staging area for the Japanese during their invasion of the Philippines. Having little to no practical means of executing this deterrent given their historic reliance on the U.S. for that, the AFP lacked the capabilities of confronting the Chinese.

The Philippines is increasingly falling under the U.S. umbrella as a result. For example, with regard to protecting its regular delivery of supplies to an outpost on the Second Thomas Shoal in the disputed water, Colonel Restituto Padilla stated, “We want the US military to watch over our ships, which China attempts to block every time we rotate troops and bring supplies to a ship that ran aground on Ayungin shoal.” Numerous news agencies have reported various high ranking Filipino officials seeking greater US military help such as Gen. Gregorio Pio Catapang, AFP Chief, drafting a “wish list” for US aid. In response to the request and the Obama administration’s desire to “rebalance”, the US has escalated military support for the Philippines.


First, US Secretary of State Hillary Clinton visited the nation on November 16, 2011 to sign the “Manila Declaration” with her counterpart, Philippines Secretary of Foreign Affairs Albert F. del Rosario. This gesture reaffirmed the special bilateral security relations between the two nations and reinforced the United States-Philippines Mutual Defense Treaty. Second, on April 28, 2014, President Obama traveled to the Philippines as one of the four stops on his tour of Asia. The outcome of the visit was the Enhanced Defense Cooperation Agreement (EDCA). According to EDCA, the US military will deploy its personnel to the Philippines on a rotational basis. While ownership resides with the Philippines, Filipino bases, including those built by the US, will be utilized without rent. The agreement will boost the presence of troops, ships, aircraft, and equipment in the Philippines along with more frequent access to Filipino military bases. In terms of monetary support, between 2002 and 2013, the United States provided a total of $312 million dollars in military assistance to the Philippines. Moreover, the Obama Administration requested a $50 million dollar increase in 2014 before Secretary of State John Kerry promised to add $40 million following the Haiyan Typhoon.

The aid comes at a cost to Philippines autonomy due to the entailing conditions posed by the U.S. According to a Congressional Report, the US will be keen on the Philippines’ ability to handle the dispute appropriately without forcing the US to choose whether to undertake military response, to provide greater US access to Philippine military bases, to quell separatist insurgency that could foster international terrorism, and to reestablish public trust in terms of uncorrupted,

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judicious, and fiscally responsible governance.\textsuperscript{191} While these conditions are ostensibly beneficial to the Philippines, or any other nation for that matter, they place the Philippines back in a well-trotted path of being an obsequious follower of the United States—a paradigm that the Philippines has worked tirelessly to shed. Whereas an independent nation can determine its national agenda, the United States now has a tremendous voice in shaping Philippines priorities. The identity of the Philippines as an independent nation will again be questioned.

The Philippines’ decision to utilize the ICJ aligns with its desire to maintain an independent national identity which has been unraveling as it tries to manage the dispute by itself. As discussed previously, the Philippines lacks military capacity. The Philippines decision to enlist the help of the ICJ brings the United Nations into play. The weight of the UN, while arguable in effectiveness, adds another dimension to the dispute. It is an alternative avenue to greater U.S. influence—one in which the Philippines ironically has fought hard to escape.

The Philippines can afford to reduce U.S. influence due to the recent revitalization of its economy. Along with the world, the Philippines struggled in the wake of the 2009 Great Recession with its GDP limping at a meager 1.1%; in 2012, however, its GDP had surged to 6.6\%\textsuperscript{192}. Remittances from oversea Filipino workers (OFW) have been a major contributor to growth. According to the World Bank’s Migration and Remittances Factbook 2016, OFW remittances hit $29.7 billion in 2015 falling short to only India’s and China’s.\textsuperscript{193} This amount is more than three times the size of the Philippines’ development aid. This rise in economic

\textsuperscript{191} Thomas Lum and Ben Dolven, \textit{The Republic of the Philippines and U.S. Interests—2014} 2014.


\textsuperscript{193} Dilip Ratha, Sonia Plaza, and Ervin Dervis\v{e}vic, \textit{Migration and Remittances Factbook 2016} (World Bank Group, 2016).
performance fueled partly, but significantly, by remittances enables the Philippines to behave more confidently as a dependent state not having to rely on the assistance from the U.S.

As subject of Spanish and American colonization, its “lawfare” position is advantageous in the international legal realm. The Philippines comparatively has a deeper understanding of Western law; and many of its lawyers are trained and have practiced under such system. It may be better at articulating its claim than China and Vietnam under the framework of UNCLOS. The Philippines’ command of the English language is another factor that may help it better articulate its claim.

Philippines’ ineffective bi- and multilateral negotiations stem from the combination of internal and external identity issues. Regarding the former, it had been shown that the nation experiences a lack of unity. Therefore, when negotiating terms regarding the dispute, the credibility of the person, such as President Ramos’ visit to China, is questionable because his/her/its ability to speak on behalf of the nation at large is debatable. Regarding the latter, it had been demonstrated that the Philippines suffers from being a historically subservient nation to the U.S., and this image is regaining momentum given increased U.S. assistance recently. Thus, when negotiating, other nations may perceive the terms pushed by the Philippines as those of the U.S. China, for instance, may conceive the Philippines’ claim as a maneuver by the U.S. to continue its naval presence in the region given American continuous access to Philippines waters and ports. This would likely induce concerns and ambivalence. Both internal and external issues experienced by the Philippines combine to obstruct, among other factors of course, effective and substantive dialogue via bi- and multilateral modes.

Conclusion
The Philippines position, characterized by defending its fishermen and fishing grounds, lawfare, minimizing ineffective bilateral and multilateral negotiations, and militarization can be understood by its concern for combating socioeconomic inequality and establishing its identity. The need to improve spatial socioeconomic inequalities pushes the Philippines to be committed to defend the fishing grounds in the South China Sea given its importance to the livelihood of the fishermen in the destitute state of MIMAROPA. The Philippines staunchly supports its fishermen to prevent further widening of the gap between the lower and upper class. Utilizing the ICJ is motivated by its need to foster positive civil-military relations (internal identity), to maintain an image of an independent nation (external identity), and to appear as principled. Its ineffective bi- and multilateral negotiations can be explained partly by its lack of internal and external identity. Modernizing the military is another effort to promote positive civil-military relations (internal identity).
CHAPTER 6. CONCLUSION

The current positions held by China, Vietnam, and the Philippines with regard to the South China Sea dispute can be explained by their need to address other mainly domestic, but also international, concerns of an economic, political, military, and social nature, both current and historical. China’s policy is: vague, non-conforming, maximalist, and aggressive; it is meant to maintain regime survival (resisting peaceful evolution and bourgeois liberalism and reducing social instability), procure oil and natural gas vital for its energy security (hence its economic security in general), extend its forward presence farther from its coast, create space between itself and the U.S. Navy, and dissuade territorial separatism elsewhere. Yet it is measured to not provoke war, protect its still vulnerable military, and take its place as a leader internationally.

Vietnam’s position is expansionistic, nationalistic in crafting its narrative of sovereignty and protection of its maritime territory and citizens, uninhibited in its oil and natural gas exploitation, and hypocritical in favoring foreign sales of oil and natural gas fields while resisting foreign encroachment; all this, in order to mobilize and control the population and to attain economic security even at the price of energy security, anti-corruption efforts, and positive foreign relations.

The Philippines’ position of protecting fishermen and fishing grounds, focusing on “lawfare”, minimizing its failure to achieve effective bi- and multilateral negotiations, and upgrading the AFP has been shaped by its history and its strengths, while addressing domestic issues to improve socioeconomic inequalities and reshaping its identity as a sovereign nation.

This study partly demystifies the issue through current and historical, domestic and international problems of each nation. By using this approach, one can better understand why the
various nations act in the manner that they do in the SCS dispute. More significantly, by understanding what may be the motives underlying the positions of China, Vietnam, and the Philippines, each of these claimants could potentially forge more realistic resolutions, especially in areas where they share common interests. For example, they could urge more commitment to existing economic cooperation given the “windfall” for each nation: China and the Philippines are increasingly invested in each other with a growth rate of $2.74 billion between 2010 and 2011.\textsuperscript{194} Increasing economic ties among the disputants may moderate, if not deter, the chance of conflict; national interests then could subsume to regional interests potentially negating the “self-help” in the realist’s anarchic international arena. Additionally, this study shows that each nation is not driven by a single aspect—e.g., military strategy. Rather, each is steered by a set of factors that are interrelated and behave non-linearly. To know yourself is good, but to also know your opponent is critical. The resolution, whatever form it may take, will require each claimant to know the other better if progress is to be promoted.

While this study attempted to approach the issue comprehensively, further research should be dedicated to include other claimants. Taiwan, Brunei, and Malaysia are also geo-politically and economically tied to the SCS. They, although less active, do play a role in the ongoing dispute and, thus, will affect the facilitation of a resolution. In crafting resolutions, one needs to be mindful of the other claimants’ positions and their reasons for them.

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Appendix 1

The Outer Edge of the Continental Margin and the Defined Area in the Southern Part of the South China Sea

Figure 2  The Outer Edge of the Continental Margin and the Defined Area in the southern part of the South China Sea
Table 2

List of Geographical Coordinates of the Formula Fixed Points Used in the Establishment of the Outer Edge of the Continental Margin (OECM)
(All Coordinates are in WGS84)

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