

The Rise of China and Maritime Security in Southeast Asia
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Introduction

China's rise and growing assertiveness in the South China Sea has placed maritime issues at the top of the regional security agenda. This essay explores the implications of China's rise in seven parts. Part one considers the changing perceptions of Southeast Asian states regarding China's rise. Part two discusses the growth of Chinese naval power. Part three focuses on Chinese assertiveness in the South China Sea in 2011, while part four reviews regional responses to Chinese assertiveness. Parts five and six, respectively, analyse the new U.S. national military strategy and ASEAN and ASEAN-centric regional security architecture. The paper concludes that Southeast Asia is "ripe for rivalry" due to intractable sovereignty disputes in the South China Sea, rising resource nationalism and naval force modernization programs now underway.

Southeast Asia and China's Rise

Regional autonomy. After the Association of Southeast Asian Nations (ASEAN) was formed in 1967 its members adopted two major approaches to relations with external powers. First, ASEAN member states promoted the concept of regional autonomy to prevent any one power from exercising hegemony over Southeast Asia. ASEAN's assertion of regional autonomy took two forms. It involved the expansion of membership from its initial core of five to ten of Southeast Asia's eleven states.¹ ASEAN's assertion of regional autonomy also took the form of political declarations and treaties covering Southeast Asia as a whole such as the Declaration of a Zone of Peace, Freedom and Neutrality (1971), the ASEAN Treaty of Amity and Cooperation (1976) and the Southeast Asia Nuclear-Weapons Free Zone Treaty (1995). In recent years ASEAN has advanced the concept of regional autonomy by ratifying the ASEAN Charter and setting the goal of creating an ASEAN Community by 2015. ASEAN's second approach in relations with external powers has been to assert its centrality in the region's security architecture. For example, when the ASEAN Regional Forum (ARF) was established in 1994 ASEAN insisted that it be in "the driver's seat" as the sole chair.

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¹ Timor-Leste is not yet a member

Southeast Asian states seek to advance their national interests through bilateral relations with each other and with the major external powers. At the same time, ASEAN states seek to promote their national interests multilaterally through ASEAN.

China's economic rise. China's economic rise was initially viewed by Southeast Asian states as a challenge because of fears that it would lead to a diversion of trade and investment from Southeast Asia. ASEAN states also feared being pulled into China's orbit in a dependent relationship as supplier of raw materials. Another source of concern was the impact China's rise would have on U.S. economic ties to the region. Many Southeast Asian states rely on access to the U.S. market for their wellbeing. They held concerns that the U.S. would adopt protectionist policies at their expense.

A major turning point in perceptions towards China occurred during the Asian Financial Crisis of 1997-98 when China's supportive policies were contrasted with those of the International Monetary Fund (supported by the United States) that imposed conditionality on its loans. China not only refrained from devaluing its currency but also contributed to regional bail out packages. Southeast Asian states now came to view China's rise as an opportunity and the main engine of regional growth. In recent years fears of a U.S. retreat behind protectionist walls has been allayed by U.S. promotion of Trade and Investment Framework Agreements and the Trans-Pacific Partnership.

In sum, by the late 1990s China was perceived to be Southeast Asia's indispensable – but not only – economic partner. For example, China and ASEAN entered into a Free Trade Agreement that came into force in January 2010 for ASEAN's six developed economies and will come into effect for ASEAN's four least developed members in 2015.

China's military modernization. In the early 1990s China was viewed as a military threat to the region due to its assertive sovereignty in the South China Sea. In 1992 and 1995, while not naming China, ASEAN issued two declarations of concern urging states to refrain from force or the threat of force in resolving their territorial disputes. In 1997 China began to promote its new security concept. And in 2002, China and ASEAN signed a Declaration on Conduct of Parties in the South China Sea. As a result of these developments the "China threat" receded.

China's economic power has provided the foundation for the modernization and transformation of its armed forces. In many respects this is a normal development. For example, China's increased reliance on maritime trade routes to export goods and to import natural resources has resulted in a need to protect these sea lines of communication (SLOCs). China's military modernization is also directed at reunification with Taiwan and preventing it from declaring independence. After the Taiwan Straits crisis of 1995-96, when Chinese attempts to intimidate Taiwan resulted in U.S. naval intervention, China has sought to develop what the Pentagon terms anti-access/area-denial capabilities to keep U.S. aircraft carrier task forces at bay in the Western Pacific.

In February 2012 it was reported that China would double defence expenditures within three years from U.S.\$ 119.8 billion in 2011 to U.S. \$238.2 billion by 2015. This would

mean that China's defence budget will be larger than the combined total of the next twelve biggest defence budgets in the Asia-Pacific (and three times larger than Japan's projected 2015 defence budget).²

China's increased military prowess also has implications for the South China Sea where Vietnam, the Philippines, Malaysia and Brunei have conflicting territorial and maritime disputes with China. China's increasing assertiveness has raised regional security concerns about China's strategic intentions and its challenge to U.S. primacy. Several Southeast Asian states have sought reassurance from the United States that it will continue to remain engaged in the region. The United States has responded to these concerns by declaring it has a national interest in the freedom and safety of navigation and over flight in the maritime commons and unimpeded commerce.

ASEAN and the great powers. The major challenge to Southeast Asia's strategic interests is the potential for great power rivalry to undermine ASEAN centrality and regional autonomy. Major power rivalry could spill over and affect ASEAN cohesion as individual members calculate whether alignment with a major external power is a better guarantee of their national security than ASEAN multilateralism. ASEAN states prefer a balance among the major powers and do not want to become involved in a dispute between them or be forced to choose sides.

In sum, Southeast Asian states have responded to China's rise by seeking to enmesh it in ASEAN-centric multilateral institutions. ASEAN seeks to mitigate rivalry between China and the United States through strategies that promote economic interdependence, commitment to ASEAN norms, and soft balancing.

² *Today Online* (Singapore), 15 February 2012.

Growth of Chinese naval power

China's military transformation is the product of several factors. First, China's spectacular economic rise has provided the basis for increased defence spending that has led in turn to the modernization of all military services. Second, China is fixated on Taiwan and national reunification and therefore seeks to forestall intervention by the United States in Taiwan contingencies by extending its naval reach beyond the first to the second island chain.³ Third, China's rise has raised the salience of protecting its major SLOCs from the Gulf of Arabia to its eastern seaboard. Fourth, Chinese resource nationalism has raised the importance of the South China Sea with respect to oil, gas and mineral resources and sovereignty claims. Fifth, as China becomes a global power with widespread economic and political interests, it will need to develop a blue water navy to protect its interests much further afield.

Several of the factors promoting China's military buildup intersect with respect to Southeast Asia's maritime domain and the South China Sea in particular. This is most evident in the modernization of the South Sea Fleet and the construction of a major naval base at Yalong Bay on the southern coast of Hainan Island on the northern reaches of the South China Sea.

The facilities at Yalong Bay include piers, docks and underground submarine pens. The People's Liberation Army Navy (PLAN) stations several major surface combatants, amphibious landing craft, conventional and nuclear submarines at Yalong. Continued construction indicates that Yalong will be able to accommodate larger surface combatants such as assault ships and eventually one or more aircraft carriers. The South Sea Fleet has the important mission of securing the Strait of Qiongzhou to protect southern China and Hainan Island. The development of a naval base at Yalong may be seen as defensive in motivation.

China regularly conducts major naval exercises to showcase the growing prowess of the PLAN. In 2010 China conducted three major naval exercises and one major exercise the following year related to the South China Sea. The first exercise was held in early April 2010 and involved the long-range deployment of sixteen warships from the PLAN drawn from the North Sea, East Sea and South Sea Fleets. The PLAN flotilla conducted live firing exercises north of the Philippines before steaming toward the Malacca Straits. Up until this exercise China's South Sea Fleet was the only fleet to operate in the South China Sea.

The second naval exercise was conducted in late July 2010. It was the largest of its kind and involved twelve of China's most modern warships from each of its fleets. This exercise was notable for the Chinese media coverage of live missile firings and the

³ The first island chain refers to the line of islands that runs north-south from the Kuriles, Japan, the Ryukyu Islands, Taiwan, the Philippines, and Indonesia. The second island chain extends further east of China's coast and includes a line running north-south from the Kuriles through Japan, the Bonins, the Marianas, the Carolines, and Indonesia.

presence of senior commanders from the Central Military Commission and the PLA Chief of Staff, General Chen Bingde.⁴ In November 2010 the PLA Marine Corps held the third major exercise in the South China Sea involving more than 100 ships, submarines and aircraft and 1,800 marines. In November 2011, China conducted naval exercises in the Western Pacific.⁵

These four PLAN exercises can be viewed as a demonstration by China that it is now capable of deploying beyond the first island chain to the second. The implications are clear: China is developing the capacity to sustain larger naval deployments in the Spratly archipelago and further south for longer periods.

Satellite imagery has confirmed the presence of a single Chinese Type 094 *Jin*-class nuclear submarine at Yalong since late 2007. The Type-094 is a second-generation nuclear powered ballistic missile submarine (SSBN) and represents China's most lethal naval strike weapon. This marks the first permanent deployment on an SSBN to China's South Sea Fleet. Five more Chinese *Jin*-class SSBNs are expected to become operational in coming years and Yalong Bay is expected to become their home base.

The development of a naval base in Yalong Bay has strategic implications for the balance of power in the Asia-Pacific. Analysis of construction activities indicates Yalong will be capable of housing nuclear submarines capable of launching intercontinental ballistic missiles. Portions of the base are being built underground to provide facilities that cannot be easily monitored. When these facilities are completed they will provide China with the potential capability to station a substantial proportion of its submarine-based nuclear deterrent capabilities there.

China's most modern strategic nuclear submarine is not yet fully operational but when it is the submarine is expected to carry twelve Sea Launched Ballistic Missiles. This class of submarine will be even more potent if China succeeds in equipping the missiles with multiple warheads. Chinese nuclear subs will be able to patrol and fire from concealed positions in deep waters off Hainan island if China can develop the necessary operational skills. At the same time, China has extended the airfield on Woody Island in the Paracel islands, consolidated its facilities at Fiery Cross Reef in the Spratly archipelago, and maintains a continuing naval presence at Mischief Reef off the west coast of the Philippines.

In sum, China has developed an enhanced capability to exercise its sovereignty claims over the South China Sea and protect its vital SLOCs through the Malacca and Singapore Straits as well as the capacity to surge expeditionary forces into the South China Sea from these bases with a considerably shortened logistics tail. By extension, China will also have the capacity to interdict the same SLOCs on which Japan, Taiwan and South

⁴ Xinhua, 29 July 2010.

⁵ *The Economic Times*, 23 November 2011.

Korea are dependent. These developments portend a greater Chinese capacity to assert regional influence and to challenge U.S. naval supremacy.

The deployment of nuclear submarines, including ballistic missile submarines, has introduced a new geo-strategic dimension to the regional balance of power. Chinese nuclear submarine deployments will attract the continuing attention of the U.S. Navy in conducting military survey/intelligence gathering in the waters off Hainan. New developments in U.S. military technology will see the introduction of more sophisticated undersea drones and unmanned systems for intelligence gathering, reconnaissance and surveillance such as Large Diameter Unmanned Underwater Vehicles and Persistent Littoral Undersea Surveillance Systems. According to Mark Valencia, the deployment of these new systems “will generate tensions and more frequent crises; they will produce defensive reactions and escalatory dynamics; and they will lead to less stability in the most affected regions, especially in Asia.”⁶

Chinese assertiveness in the South China Sea in 2011

During the first half of 2011 China embarked on pattern of aggressively asserting its sovereignty claims in the South China Sea by targeting the commercial operations of oil exploration ships in waters claimed by the Philippines and Vietnam. China’s actions not only raised regional tensions but also provoked the Philippines to align more closely with the United States and take steps to beef up its capacity for territorial defence. Vietnam responded by calculated displays of resolve to defend national sovereignty including live-firing exercise. The sub-sections below examine each of these case studies.

China and the Philippines

According to the Philippines Department of Foreign Affairs, in the fourth quarter of 2010 China increased its presence in the Spratly Islands.⁷ The Philippines recorded six incursions into its waters in the first five months of 2011.⁸ Three major incidents stand out. On 25 February a Chinese missile frigate ordered three Filipino fishing vessels to leave the waters off Jackson Atoll and fired a burst of three shots to hurry them along.⁹ On 2 March two Chinese patrol boats threatened to ram the MV *Veritas Voyager*, a survey vessel operating in the Reed Bank area off Palawan Island, in order to force it to halt seismic testing.¹⁰ The third major incident took place on 24 May when Filipino

⁶ Mark J. Valencia, “The South China Sea, Military Activities and the Law of the Sea,” Paper presented to the International Conference on Major Law and Policy Issues in the South China Sea: European and American Perspectives, co-sponsored by the Institute of European and American Studies and the Center for Asia-Pacific Studies, Academia Sinica, Taipei, Taiwan, 7-8 October 2011.

⁷ ABS-CBN News, 3 June 2011.

⁸ *Philippine Daily Inquirer*, 3 June 2011.

⁹ ABS-CBN News, 3 June 2011.

¹⁰ BBC News Asia-Pacific, 8 March 2011.

fishermen witnessed a China Maritime Surveillance vessel and PLAN ships unloading steel posts, building materials and a buoy near Iroquois Reef-Amy Douglas Bank one hundred nautical miles off Palawan.¹¹

Chinese actions led the Philippines to officially declare its waters the West Philippine Sea. The Philippine government also responded to these incidents through diplomatic protests to the Chinese Embassy and by raising the matter with the United Nations.

China and Vietnam

During the first half of 2011, Chinese assertiveness directed against Vietnam included the unilateral imposition of an annual fishing ban and, more significantly, Chinese state ships took the unprecedented action of interfering in the commercial activities of oil exploration vessels operating within Vietnam's Exclusive Economic Zone (EEZ).

On 11 May 2011, the Haikou Municipal Government, Hainan province, issued an announcement imposing China's annual unilateral fishing ban in the South China Sea from 16 May – 1 August ostensibly to protect dwindling fish stocks during the spawning season. In previous years Chinese state vessels chased and boarded Vietnamese fishing boats and seized their catches and communications equipment, arrested Vietnamese fishermen until payment of hefty fines, or rammed and sank Vietnamese fishing craft. In 2011, there were only two reported major incidents. On 1 June, Chinese military vessels threatened to use their guns against a Vietnamese fishing boat operating in waters near the Spratly archipelago.¹² A more serious incident took place on 5 July when armed Chinese naval troops reportedly beat the skipper of a Vietnamese fishing boat, threatened the crew, and then forced the boat to leave contested waters near the Paracel Islands.¹³

On 26 May 2011, three China Maritime Surveillance ships accosted the *Binh Minh 02*, a Vietnamese seismic survey ship operating in Block 148 within Vietnam's EEZ. A China Maritime Surveillance ship cut the cable towing seismic monitoring equipment.¹⁴ The *Binh Minh 02* was forced to return to port for repairs.¹⁵ On 9 June 2011, according to Vietnam's Ministry of Foreign Affairs, a second "premeditated and carefully calculated" incident occurred when a Chinese fishing boat equipped with a "cable cutting device" snared the cable of the *Viking II* seismic survey ship operating in survey Block 136-03 in the vicinity of Vanguard Bank.¹⁶ A third cable cutting incident reportedly occurred in

¹¹ *The Philippine Star*, 1 June 2011.

¹² *Thanh Nien News*, 10 June 2011.

¹³ Associated Press, 13 July 2011

¹⁴ PetroViet, "Bao Cao Su Co Tau Trung Quoc Cat Cap Thu Dia Chan Cua Tau Binh Minh 02 Vao Luc 5H58' Ngay 26/05/2011" [Report on Incident Involving Chinese Ship Cutting the Binh Minh 2's Seismic Cable at 0558 hours on 26 May 2011].

¹⁵ DPA, 6 June 2011.

¹⁶ Agence France Presse (AFP), 9 June 2011 and Bloomberg *Businessweek*, 9 June 2011.

June but Vietnam decided not to publicise the matter.¹⁷ Vietnam, like the Philippines, protested each incident to Chinese authorities.

Regional responses to Chinese assertiveness

China's rapid military modernization, coupled with its assertive behaviour in the South China Sea, has created a security dilemma for regional states. This has led several Southeast Asian states to undertake force modernization programs of their own aimed at developing anti-access/area-denial capabilities.¹⁸ The sub-sections below review developments in the Philippines, Vietnam and elsewhere in the region.

The Philippines. In 2011, in response to Chinese assertiveness in its EEZ and Kalayaan Island Group, the Philippines drew up a new defence strategy focused on both internal security operations and external territorial defence. The Aquino Administration allocated P11 billion to support force modernisation of the AFP. Of this figure P8 billion will come from the proceeds of the Malampaya Natural Gas and Power Project and the remaining P3 billion will come from the AFP's current modernisation funds. Starting in 2012, the government will implement a five-year modernization program totalling P40 billion.

In March 2011, AFP Chief of Staff General Eduardo Oban announced plans to upgrade the airfield on Pag-Asa island. Two months later a Philippine navy study recommended the acquisition of submarines as a "deterrent against future potential conflicts."¹⁹ In September 2011, immediately after President Benigno Aquino's state visit to Beijing, he announced that 4.95 billion pesos would be allocated to top up the defence budget.²⁰ These funds were earmarked for the purchase a naval patrol vessel, six helicopters and other military equipment in order to secure the Malampaya oil and gas project.

In 2011, the Philippines took delivery of a former U.S. Coast Guard Weather Endurance Cutter and assigned it to operate in waters off Palawan in Western Command with the mission of protecting the Philippines' EEZ. The Philippine is expected to receive a second cutter in 2012. The Philippines also expects to take delivery of three new Taiwan-manufactured Multi-Purpose Attack Craft and procure a third U.S. Coast Guard Cutter.²¹

The Philippines has presented the Pentagon with a "wish list" of new equipment including: coastal radar, long-range patrol aircraft, strategic sea lift vessels, off-shore patrol boats, naval helicopters, air defence radar, six jet trainers, surface attack aircraft,

¹⁷ Carlyle A. Thayer, "South China Sea: Third Cable Cutting Incident?," *Thayer Consultancy Background Briefing*, 1 July 2011. Available at Scribd.com.

¹⁸ Robert Karniol, "Vietnam prepares to better protect its S. China Sea claims," *The Straits Times*, 10 January 2012.

¹⁹ *Philippine Daily Inquirer*, 17 May 17, 2001.

²⁰ AFP, 7 September 2011.

²¹ Reuters, 13 April 2011 and AFP, 3 September 3, 2011.

anti-ship missiles, and a submarine.²²

The Philippines has also reached out to Japan and South Korea. In September 2011, during President Aquino's visit to Tokyo, he and Prime Minister Noda agreed to strengthen maritime security ties by holding frequent high-level defence discussions and by stepping up cooperation between their Coast Guards and "defence-related authorities." Prime Minister Noda agreed to increase the involvement of Japan's Coast Guard in training their Filipino counterparts.²³ Following a visit by South Korea's President Lee Myung-bak to Manila in November 2011, President Aquino announced that the Philippines would purchase military equipment from Seoul. The Department of National Defense was reported to be drawing up a list including aircraft, helicopters, boats and other military equipment.

Vietnam. In 2009, in a major development, Vietnam announced that it would procure six conventional diesel powered Kilo-class submarines from Russia. These are scheduled to be delivered in 2014. The Kilo-class submarines are likely to be equipped with sea-skimming 3M-54 Klub anti-ship missiles with a range of 300 kilometres.

In 2011, Vietnam stepped up its force modernization program when it took delivery of four additional Su-30MK2 multi-role jet fighters. These are expected to be equipped with the Kh-59MK anti-ship cruise missile with a range of 115 km. Vietnam currently has on order sixteen more Su-30MK2 jet fighters.²⁴ Also in 2011, Vietnam also took delivery of two *Gephard*-class guided missile frigates armed with Kh-35E anti-ship missiles with a range of 130 km and two *Svetlyak* class missile Patrol Boats.²⁵ In addition, Vietnam launched its first indigenously built gunship and troop transport.²⁶ In October, while on a tour of the Netherlands, Prime Minister Nguyen Tan Dung gave his approval for the purchase of four *Sigma*-class corvettes, two of which are slated for construction in Vietnam.²⁷

In 2011, Vietnam beefed up its coastal defences by acquiring its second Bastion land-based anti-ship ballistic missile system. Vietnam reportedly has also acquired Israeli Extended Range Artillery Munitions - a ballistic missile effective beyond 150 km. In October 2011, President Truong Tan Sang made a state visit to India and requested Indian assistance in four areas: submarine training, conversion training for pilots to fly Sukhoi-30s, transfer of medium sized patrol boats, and modernization of port facilities

²² *The Philippine Star*, 24 August 24, 2011.

²³ *The Wall Street Journal*, 28 September 2011.

²⁴ *Thanh Nien News*, July 3, 2011.

²⁵ The Voice of Russia, 22 June 2011; BBC Vietnamese Service, 24 August 2011 and 25 October 2011; and Interfax-AVN, 11 October 2011.

²⁶ BBC Vietnamese Service, 3 October 2011.

²⁷ BBC Vietnamese Service, 18 October 2011.

at Nha Trang.²⁸ The local media reported that India was considering whether or not to sell Vietnam its *BrahMos* supersonic cruise missile.²⁹ In February 2012, Russia announced it will co-produce the Uran anti-ship missile (SS-N-25 Switchblade) with Vietnam.³⁰

In November 2011, Vietnam announced a \$3.3 billion defence budget for 2012, a reported rise of 35% over 2010. According to IHS Jane's Vietnam's annual naval procurement budget has increased by 150% since 2008 to US \$276 million in 2011. The naval budget is projected to rise to \$400 million by 2015.³¹ Vietnam is seeking to develop an anti-submarine warfare capability by acquiring either the U.S. P-3 Orion or the Spanish Airbus Military C295.³²

Regional. According to one noted regional security analyst, naval acquisitions in Asia “have become especially disturbing, with undeniable signs of action-reaction dynamics” and Northeast Asia in particular is witnessing an “emerging naval arms race.”³³ Defence analysts estimate that 86 submarines will be added to the fleets in the Asia-Pacific by 2020 of which 30 will be Chinese.³⁴ China currently has the largest submarine fleet and most extensive plans to expand its numbers including the Type 095 nuclear attack submarine (SSN) and Type 094 *Jin*-class SSBN. As noted above, China is expected to base both attack and ballistic missile submarines at Yulin Naval Base on Hainan Island. This prospect has led Australia, Malaysia, the Philippines, Singapore and the United States to step up investment in their anti-submarine warfare capabilities. Security analysts warn that the proliferation of submarine fleets may be destabilizing in times of tensions and crises due to the complexities of command and control.

In Southeast Asia the conventional submarine has become the new hallmark of naval acquisitions. Vietnam's purchase of Kilo-class submarines is part of a regional trend.³⁵ Indonesia, the first country in Southeast Asia to acquire submarines, has indicated it will replace them with newer South Korean models. Indonesia reportedly will boost defence spending by 35% in 2012.³⁶ Singapore has upgraded its submarine fleet by taking

²⁸ *The Hindu*, 9 November 2011.

²⁹ *Business Insider*, 20 September 2011.

³⁰ RIA Novosti, 15 February 2012.

³¹ Quoted in *The Economic Times*, 14 November 2011.

³² *Aviation Week*, 17 February 2012.

³³ Desmond Ball, “Asia's Naval Arms Race,” Paper presented to the 25th Asia-Pacific Roundtable, ISIS Malaysia, Kuala Lumpur, 29 May - 1 June 2011.

³⁴ *Business Week*, 25 November 2011.

³⁵ *Aviation Week*, 17 February 2012.

³⁶ Al Jazeera.net, 7 November 2011.

delivery of two Archer-class submarines in 2011.³⁷ Singapore reportedly is also in the market for four or five P-3C Orion maritime patrol aircraft.³⁸ Malaysia has acquired two Scorpene-class submarines. Both the Singaporean and Malaysian submarines are equipped with Air Independent Propulsion systems. Thailand and the Philippines are currently considering acquiring their own conventional submarines.

Australia's 2009 Defence White Paper set out plans to construct twelve new conventional submarines. Recently, it was reported that "visiting U.S. Navy officials have repeatedly raised the issue of the lack of availability of Australia's troubled Collins-class submarines, as well as the lack of progress on Australia's planned new class of submarines." This pressure has prompted the Gillard Government to place the matter before Cabinet.³⁹

Regional force modernization has and will continue to result in the introduction of increased numbers of warships equipped with new technologies and weapons systems. A recent review of regional force modernization over the last decade highlights the introduction of new capabilities such as "stand-off precision-strike, long-range airborne and undersea attack, stealth, mobility and expeditionary warfare and, above all, new capacities when it comes to greatly improved command, control communications, computing, intelligence, surveillance and reconnaissance (C4ISR) networks."⁴⁰ This review concludes, "new types of armaments promise to significantly upgrade and modernize the manner of war fighting in the region... [and] fundamentally change the concept and conduct of warfare."⁴¹

According to Vice Admiral Scott Swift, Commander U.S. Seventh Fleet, his prime concern is not the outbreak of a major conflict but "any tactical trigger with strategic implications... I do have concerns about a specific brushup that could result in a tactical miscalculation..."⁴² In sum, regional sea lanes are set to become more "crowded, contested and vulnerable to armed strife."⁴³

³⁷ *The Straits Times*, 3 December 2011.

³⁸ *Flight Global*, 15 December 2011.

³⁹ *The Australian Financial Review*, 24 November 2011.

⁴⁰ Richard A. Bitzinger, "A New Arms Race? Explaining Recent Southeast Asian Military Acquisitions," *Contemporary Southeast Asia*, 31(1), April 2010, 63-64.

⁴¹ Bitzinger, "A New Arms Race? Explaining Recent Southeast Asian Military Acquisitions," 64.

⁴² Quoted by *The China Post*, 10 November 2011.

⁴³ Rory Medcalf and Raoul Heinrichs, *Crisis and Confidence: Major Powers and Maritime Security in Indo-Pacific Asia* (Sydney: Lowy Institute for International Policy, June 2011), 3.

The new U.S. national military strategy

On coming to office in 2009, Obama Administration officials quickly asserted that “the United States is back in Asia.” The United States promptly acceded to the ASEAN Treaty of Amity and Cooperation, appointed a permanent ambassador to the ASEAN Secretariat and revived the annual ASEAN-United States leaders meeting. When Chinese assertiveness in the South China Sea raised regional security concerns, both the U.S. Secretary of State and Secretary of Defense used visits to the region to declare that the United States had a national interest in safety of navigation and over flight in the South China Sea.

The United States has responded to China’s naval build-up and development of anti-access/area denial capabilities by strengthening its posture on Guam, stepping up weapons and equipment sales to the Philippines, negotiating new arrangements with Australia giving the U.S. greater access to training facilities near Darwin, and basing Combat Littoral Ships in Singapore.⁴⁴

In direct response to Chinese naval modernization, the U.S. also has deployed thirty-one of its fifty-three fast attack submarines to the Pacific and stepped up its anti-submarine warfare program. Eighteen of the U.S. subs are home-ported in Pearl Harbor; the others are based in Guam.⁴⁵ In late June-early July 2010, in a calculated demonstration of naval power, the USS *Florida*, USS *Michigan*, and USS *Ohio* submarines, simultaneously surfaced in Diego Garcia (Indian Ocean), Busan (South Korea) and Subic Bay (the Philippines), respectively.⁴⁶ Each of these submarines has been modified to carry 154 conventional Tomahawk cruise missiles.

More recently, the United States has announced that with its withdrawal from Iraq and eventual withdrawal from Afghanistan, it will “rebalance” its force posture and quarantine defence cuts in the Asia-Pacific. The heightened importance of the Asia-Pacific was underscored in January 2012 with the release of a new national defense strategy, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*. This document stated:

U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, *we will of necessity rebalance toward the Asia-Pacific region*. Our relationships with Asian allies and key partners are critical to the future stability and growth of the region. We will emphasize our existing alliances, which provide a vital foundation for Asia-

⁴⁴ *Checkpoint Washington*, 18 November 2011.

⁴⁵ *Navy Times*, 21 July 2010.

⁴⁶ *The Chosun Ilbo*, 8 July 2010 and *Time Magazine*, 8 July 2010.

Pacific security. We will expand our networks of cooperation with emerging partners throughout the Asia-Pacific to ensure collective capability and capacity for securing common interests [emphasis in original].⁴⁷

Finally, the United States is developing an air-sea battle concept to counter China's development of area-denial/anti-access capabilities. The air-sea battle concept is being drawn up to enable the United States to prevail in conflicts where area-denial/anti-access capabilities are well developed. According to the new U.S. defense strategy one of the ten main missions for U.S. armed forces is to "project power despite anti-access/area denial challenges."⁴⁸ In response to China's use of asymmetric capabilities, including electronic and cyber warfare, ballistic and cruise missiles, advanced air defences, mining and other methods, "to complicate our operational calculus," the U.S. military

will invest as required to ensure its ability to operate effectively in anti-access and area denial (A2/AD) environments. This will include implementing the Joint Operational Access Concept, sustaining our undersea capabilities, developing a new stealth bomber, improving missile defenses, and continuing efforts to enhance the resiliency and effectiveness of critical space-based capabilities [emphasis in original].⁴⁹

At the same time the United States has repeatedly sought to engage with China to manage their relations. The U.S. and China currently have nearly fifty mechanisms for coordination and collaboration on strategic policy issues. The Obama Administration has sought to manage its relations with China through new mechanisms such as the Strategic and Economic Dialogue and Consultations on Asia-Pacific Affairs. The Pentagon consistently has sought to keep channels of communication open with China through their joint Military Maritime Consultative Council and other bilateral defence dialogue mechanisms.

The Obama Administration's new defense strategy states with respect to China:

Over the long term, China's emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region.⁵⁰

⁴⁷ *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (January 2012), 2.

⁴⁸ *Ibid.*, 4.

⁴⁹ *Ibid.*, 4-5.

⁵⁰ *Ibid.*, 2.

Nevertheless it is clear that continued U.S. arms sales to Taiwan and U.S. intelligence gathering in China's EEZ will remain major irritants. Tensions in China-U.S. relations are being transmitted to Southeast Asia. Manila and Washington have breathed new life into their 1951 Mutual Defense Treaty through arms and equipment sales and military exercises. The United States and Vietnam have stepped up modest defence cooperation activities to include a new senior leaders' dialogue, signing of a Memorandum of Understanding on defence cooperation and the initiation of low-level naval exchange activities. In sum, U.S. diplomatic intervention in the South China Sea issue has provoked a negative if not hostile reaction by China. China has criticized U.S.-Philippines naval exercises as untimely and warned both Manila and Hanoi that they are playing with fire by encouraging U.S. intervention. China views the U.S. as an outside power whose intervention will only complicate matters.

ASEAN and ASEAN-centric regional security architecture

In July 2011, China and the ASEAN member states adopted the Guidelines to Implement the DOC after seven years of start-stop negotiations. Since the Guidelines were adopted no major incidents have occurred in the South China Sea between China and the claimant states. The tensions that marked the first half of 2011 have abated. China hosted the first meeting of the Joint Working Group to implement the DOC Guidelines in January 2012.⁵¹

At the time the original DOC was adopted it was characterized as the first step towards a more binding Code of Conduct for the South China Sea. With the adoption of the Guidelines to Implement the DOC ASEAN members have decided to proceed with drawing up a draft COC. In November 2011, ASEAN Senior Officials commenced discussions on what activities and projects to include in a code of conduct. According to an Indonesian official, once agreement is reached the draft COC will be presented to China "to determine what, when, where and how the project would be carried out."⁵²

On the face of it China's discussions with ASEAN member states represents a positive development that could lead to the adoption of confidence building measures and a lowering of tensions. However, if China seeks to play on divisions among ASEAN claimants and engage in a protracted diplomatic game to keep U.S. intervention at bay, this could arouse suspicions and scupper the diplomatic process.

The East Asian security architecture is currently evolving as a result of the expansion of the East Asia Summit (EAS) to include the United States and Russian Federation. At the 2011 EAS informal leaders' retreat, sixteen of its eighteen members raised concerns over maritime security issues. China was the only country to argue that the EAS was not an appropriate venue for such discussions. Nevertheless, the EAS Chair's concluding summary noted that maritime security has been established as a legitimate agenda item.

⁵¹ *Business World*, 29 November 2011.

⁵² Antara, 14 November 2011.

For the new regional security architecture to be effective there must be some streamlining of policy advice to the EAS from other multilateral arrangements currently considering maritime security issues. For example, there are a number of overlapping arrangements under the auspices of ASEAN and the ASEAN Regional Forum charged with maritime security and South China Sea issues:

- ASEAN Defence Ministers Meeting (ADMM). The ASEAN Defence Ministers met for the first time in May 2006 and began the process of institutionalizing defence cooperation on a regional basis. The ASEAN Defence Ministers are now sectoral members of the ASEAN Political Security Council established under ASEAN's Charter. The ADMM brought under its umbrella what had been separate informal meetings of the ASEAN service chiefs (army, navy and air and military intelligence) that had been conducted outside the official ASEAN framework. At the 4th ADMM in May 2010, it was agreed that ASEAN navies would cooperate to patrol their maritime boundaries.
- ASEAN Navy Chiefs Meeting (ANCM). Maritime security issues fall under the purview of the ANCM. The prospects of practical cooperation among ASEAN navies does not appear good. At the most recent ANCM-5 in Vietnam in 2011 there was disagreement over a number of issues including the formal name of the meeting, how often it should meet, conducting joint patrols, and a proposal for an ASEAN communications protocol when navy ships passed each other at sea.
- ASEAN Defence Ministers Meeting Plus (ADMM Plus). The ADMM was expanded in October 2010 to include eight of ASEAN's dialogue partners: Australia, China, India, Japan, New Zealand, Russia, South Korea and the United States. At this meeting it was agreed that the ADMM Plus would meet every three years with the second meeting scheduled for Brunei in 2013. The inaugural ADMM Plus meeting set up the ASEAN Defence Seniors Meeting Plus (ADSOM Plus) and five Expert Working Groups (maritime security, humanitarian assistance/disaster relief, peacekeeping, military medicine and counter-terrorism).
- ADMM Plus Expert Working Group on Maritime Security (EWG on MS). The ADMM Plus EWG on MS is co-chaired by Malaysia and Australia. It held its first meeting in Perth in July 2011 and discussed information sharing. The terms of reference for EWG on MS were approved in October 2011. In February 2012, Malaysia hosted the second EWG on MS that focused on specific initiatives for practical cooperation and capacity building. Malaysia tabled a Concept Paper on establishing a mechanism to support the work and implement the decisions of the EWG on MS. The EWG on MS is scheduled to meet twice a year and report its deliberations to the ADSOM Plus. The third meeting will be held in Malaysia in August 2012.
- ASEAN Maritime Forum (AMF). ASEAN established the AMF in 2010 under the terms of the ASEAN Political Security Community Blueprint.⁵³ The second meeting of the

⁵³ "Hanoi Plan of Action to Implement the ASEAN Regional Forum Vision Statement," 20 May 2010, Point 3.

AMF was held in Thailand in August 2011 and proposed expanding its membership to include dialogue partners in a separate meeting (AMF Plus). The AMF is focused on a comprehensive approach to maritime issues and has so far not dealt with South China Sea issues in detail.⁵⁴

- ARF Inter-Sessional Meeting on Maritime Security (ARF ISM on Maritime Security). In 2009, the ASEAN Regional Forum established the ARF ISM on MS and later approved its Work Plan at the 44th ASEAN Ministerial Meeting in July 2011.⁵⁵ The ISM on Maritime Security focuses on information sharing, capacity building, and training rather than practical activities such as South China Sea CBMs.

The evolution of the regional security architecture is at a nascent stage and it is unclear how an expanded EAS will relate to the already existing multilateral security institutions. On the one hand, the current evolution of the regional security architecture may be viewed as a positive development since it brings together all the major actors, including the U.S. and China at head of state/government level. On the other hand, if China feels that other external powers are ganging up on it, the EAS process may become deadlocked. Of the eight dialogue partners, five are either allies or close strategic partners (U.S., Japan, South Korea, Australia, New Zealand).

Conclusion

What lies ahead? The future security environment of the South China Sea region will be influenced by five major overlapping trends. These trends contain both stabilizing and destabilizing elements. The five trends are: China-ASEAN discussions on confidence-building measures; increased regional maritime enforcement capabilities; regional force modernization; China-U.S. rivalry; and the evolution of the regional security architecture.

China's aggressive assertion of sovereignty over the South China Sea in the first half of 2001 has raised the security stakes not only for Southeast Asian states. This paper has drawn attention to serious incidents involving Chinese state vessels including a PLAN warship with Filipino and Vietnamese fishing boats and survey vessels. Chinese aggressive assertiveness in the South China Sea has now become an international issue that must be addressed multilaterally by all concerned stakeholders.

International diplomatic pressure has resulted in the adoption of Guidelines to implement the DOC by ASEAN member states and China. These guidelines offer grounds for cautious optimism in the short-term that tensions in the South China Sea will abate as the countries concerned adopt positive confidence building and other cooperative

⁵⁴ "Chair's Statement of the 19th ASEAN Summit, Bali, 17 November 2011," Points 14-17 (Maritime Cooperation).

⁵⁵ ASEAN Regional Forum, "Draft Outline of a Work Plan on Maritime Security: A Template for Discussion," 2nd ARF ISM on Maritime Security, Auckland, 29-31 March 2010; "Co-Chairs' Summary of the Third ARF Inter-Sessional Meeting on Maritime Security, Tokyo, Japan, 14-15 February 2011"; and "44th AM/PMC/18th ARF, Indonesia 2011, Chair's Statement, 18th ASEAN Regional Forum, 23 July 2011, Bali, Indonesia," Point 41.

measures. There is even the possibility that ASEAN and China could reach agreement on a Code of Conduct in 2012.

Dampening tensions may be the first step towards a long-term settlement but lowering tensions is not sufficient to bring about a resolution of unresolved sovereignty claims. At the heart of the matter is the nine-dash line u-shaped map that China submitted to the United Nations Commission on the Limits of Continental Shelf in May 2009. On the face of it China's map lays claims to virtually all of the South China Sea over which it claims "indisputable sovereignty" on the basis of "historic rights." China's nine dash marks cut deeply into the EEZs that have been declared by Vietnam and the Philippines. Under the United Nations Convention on Law of the Sea littoral states have sovereignty over these waters and continental shelves for the exploitation of natural resources such as fisheries and oil and gas deposits on the ocean floor. China must clarify its claims

Chinese assertiveness has been counter-productive from Beijing's perspective. The Aquino Administration is now committed to modernizing its armed forces for territorial defence of its maritime domain. This goal has driven the Philippines to revive its 1951 alliance with the United States. Vietnam, while tentatively stepping up defence cooperation with the U.S., continues to embark on a robust program of naval force modernization.

Security analysts warn that expanded submarine fleets may be destabilizing in times of tensions and crises due to the complexities of command and control. In addition, the proliferation of regional submarine fleets has led many states to step up investment in anti-submarine warfare capabilities.⁵⁶

Finally, new developments in military technology will see the introduction of more sophisticated aerial and undersea drones and unmanned systems for intelligence gathering, reconnaissance, surveillance and strike. According to Mark Valencia:

The situation is presently beyond international control. Thus continued intrusive probes are likely to generate frustration and resentment that may translate into the forcible halting of such 'intrusions' when and if detected. The scale and scope of maritime and airborne intelligence collection activities are likely to continue to expand rapidly in many countries, involving levels and sorts of activities quite unprecedented in peacetime. They will not only become more intensive; they will generally be more intrusive. Indeed stepped up drone missions may even be considered a prelude to impending warfare. They will generate tensions and more frequent crises; they will produce defensive reactions and escalatory dynamics; and they will lead to less stability in the most affected regions, especially in Asia.⁵⁷

⁵⁶ Aviation Week,

⁵⁷ Mark J. Valencia, "The South China Sea, Military Activities and the Law of the Sea," Paper presented to the International Conference on Major Law and Policy Issues in the South China Sea: European and American Perspectives, co-sponsored by the Institute of European and American Studies and the Center

The ASEAN-centric regional security architecture is an inchoate mixture of multilateral mechanisms with overlapping responsibilities. If ASEAN does not develop greater unity and cohesion it will be unable to maintain its centrality in the region's security architecture. This state of affairs will only undermine ASEAN's attempt to promote regional autonomy as great power tensions are transmitted into Southeast Asia. In sum, Southeast Asia is "ripe for rivalry" due to the transmission of the tensions arising from Sino-U.S. rivalry into a region characterised by intractable sovereignty disputes in the South China Sea, rising resource nationalism, and regional force modernization programs.

for Asia-Pacific Studies, Academia Sinica, Taipei, Taiwan, October 7-8, 2011 and Mark Valencia, "The Impeccable Incident: Truth and Consequences," *China Security*, 5(2), Spring 2009, 26.