

2

Old Game Plan, New Game

China's Grand Strategy in the South China Sea

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For observers of international relations of East Asia, few dynamics have been as captivating as the People's Republic of China's activities in the South China Sea. Reclamation activity was first publicly observed in September 2013 and has been going on at a breakneck pace since 2014.¹ China has been rapidly piling sand onto reefs in the Spratly Islands, creating seven new islets in the region. Several reefs have been destroyed to serve as a foundation for new islands, resulting in extensive damage to the surrounding marine ecosystem. As of October 2016, at least seven maritime features had been expanded. Satellite images reveal China has been building military features on the reclaimed land, including possible anti-aircraft towers on Hughes and Gaven Reefs, a lighthouse, helipad, and high-frequency radar on Cuarteron Reef, radar facilities on Gaven, Hughes, and Johnson South Reefs, and a three-thousand-meter airstrip on Fiery Cross Reef. In June 2015, China declared that it would soon complete land reclamation and begin constructing facilities to house a range of military and civilian activities.

While the Spratly construction commands most of the attention, China is also constructing sites in the Amphitrite group of the Paracel Islands. In February 2016, China deployed up to two batteries of Hongqi-9 (HQ-9) surface-to-air missiles (SAMs) with an accompanying high-frequency radar system, which can be used to detect stealth aircraft on Woody Island, the largest of the Paracels. China had already landed J-11 fighters and JH-7 fighter-bombers on the island in November 2015. Beijing's South China Sea airstrips can support all types of aircraft in China's inventory.

When faced with criticism, Beijing accuses the media of unfairly targeting it while ignoring radars and weapons deployed by other claimants in the South China Sea. Vietnam, Malaysia, the Philippines, and

Taiwan have all expanded islands in the Spratlys as well, but on nowhere near the same scale as China. The total amount of land reclaimed by China since December 2013 is approximately 3,200 acres (1,295 hectares), accounting for roughly 95 percent of all reclaimed land in the South China Sea. Over the last forty years, Vietnam has claimed 80 acres, Malaysia 70 acres, the Philippines 14 acres, and the Republic of China (Taiwan) 8 acres, for a total of 172 acres.

The speed and scale of this construction have caught much of the region by surprise and are spreading alarm about what China plans to do with its new infrastructure. Communist Vietnam is buying arms from the United States, its one-time enemy. The Philippines is inviting U.S. forces back twenty-five years after expelling them. Even Singapore and Malaysia are becoming more proactive by allowing U.S. Navy P-8 surveillance aircraft to use bases on their territory. Alarmed at what they see as Beijing's bid to dominate the strategic waterway, regional nations are spending billions of dollars on ships, submarines, planes, and other military hardware and actively seeking closer defense ties with Washington and with each other.

This construction is the culmination of a regional policy formulated in the 1990s based on economic, military, and diplomatic capabilities in the region, which China calls "comprehensive national power." China has increased its assertiveness over its South China Sea claims in gradual, punctuated steps, reflecting the growth of its comparative economic, military, and political power at the regional level. In the 1980s and early 1990s, China under Deng Xiaoping declared a "good neighbor policy." Beijing consistently proclaimed Deng's guidance of *taoguang yanghui*, literally "avoiding the [spot]light, nurturing obscurity," or more informally, biding one's time and lying low. The reformers in Beijing recognized the value of taking an accommodating stance toward their East Asian neighborhood, particularly for the economic rewards that resulted from a stable region. One side of accommodation was to execute skillful diplomacy designed to reduce tensions and avoid conflict unless Beijing's fundamental interests were threatened. Militarily, accommodation meant the exercise of restraint and delay of modernization.

During Hu Jintao's period of leadership from 2002 to 2012, foreign policy moved from "peaceful rise" to "peaceful development," which softened the tone somewhat. Beijing's South China Sea vision began to further crystalize in this period, when it assessed that it would only be secure if it expanded its eastern and southern strategic perimeters into the East and South China Seas. Strategic concerns started to meld with maritime energy and natural resource concerns. Thus began a program to build the capabilities to project power into the maritime domain and then use that power to press its claims. The increasing Chinese dependence on the maritime domain led Hu Jintao to enunciate the "new historic missions" for the Chinese People's Liberation Army (PLA) in 2004. One of these new missions was to provide strategic support in maintaining national interests.

This is not to say that Beijing originally formulated a clear, unified, and comprehensive long-term strategy for the South China Sea. Since the 1940s, China has considered the sea to be one of the "lost territories" that would eventually return to the mainland, but that was a general, long-term interest. Having an overarching strategy surrounding regional interests does not necessarily entail a solidified script of how to obtain those interests by a certain time. In other words, one should not assume a strategic coherence regarding the South China Sea on the part of Beijing. It is reasonable to infer that not being a "core interest" would make it less likely that China would have a detailed, thought-out script of strategies and supporting tactics to achieve clear and settled goals regarding the South China Sea.

Notably, unlike Taiwan, Tibet, and Xinjiang, Chinese policymakers did not start to label the South China Sea as a core interest until 2010, and even then, it was not an agreed-upon designation until years later. It was not until China's twelfth Five-Year Plan in 2011 that a chapter on maritime interests and development was included. Furthermore, unlike Taiwan, the South China Sea and maritime interests did not substantially appear in the Chinese Defense White Papers until the 2015 edition. In other words, Beijing's final strategic end state for the South China Sea and how it is to be achieved have likely evolved over the years. Regardless, this evolutionary quality does not mean China has or will become less dogmatic and unilateral and more accepting of other countries' claims.

The rapid pace of land reclamation in 2014–15 and the increase in military capabilities and coercion of foreign fishing vessels all point to a strategy of some form of control of the South China Sea. Control in this case refers to the prevention of non-Chinese fishing, hydrocarbon extraction, and military activities from occurring in the region, except with China's consent. Perhaps most important, control means the protection of Chinese sea lines of communication in any and all circumstances.

The control China is solidifying serves not only its economic and security needs but also its national identity needs. By establishing control of the region, China feeds its national need to redress past humiliations over lost territory. In other words, China has made controlling the South China Sea part of its national identity, with the current Chinese leadership being the implementers of the rebalancing of regional power back to China where it belongs, according to a commonly articulated Chinese narrative of history. China—due to the increase in its military and economic power—is now in a position to challenge a regional order from which it has benefited. Interestingly, in many open forums, Chinese officials and scholars are declaring that China's tactics in the South China Sea are not so much a home-grown strategy as a reaction to the United States, whose strategy is to “contain” China. Beijing frames its South China Sea actions as a defense against U.S.—and its allies’—regional militarization.

The result is that the current end state strategy that Beijing holds for the South China Sea is one that has evolved over the last two decades in gradual yet incremental steps but that is resulting in a tactics-strategy mismatch. China's current actions are based on a strategic calculus that is predicated on its increasing power in these arenas. However, the flaw in this approach is that it does not account for its rival claimants' fluctuating views, strengths, reactions, or own tactics.

The one country that China has seemed to account for and factor into its grand strategy has been the United States. Given the United States' superior military capabilities, China has traditionally been wary about giving it reasons to increase its regional military presence. Consequently, China has carefully tested and measured Washington's reactions—and non-reactions—to its regional activities. China has a much clearer read on the reactions of the United States than those of any regional claimants. But by focusing primarily on the United States, China is suffering pushback from unexpected sources. It should have known better.

CHINA'S TACTICS IN THE 1990s AND THE CONDITIONS SURROUNDING THEM

Although juxtaposed against an interest in reclaiming the South China Sea as a “lost territory,” China once saw the value in negotiation, particularly given its resource and economic needs; it became a net importer of oil in 1993 and needed to secure supplies to extract and transport in the South China Sea. China also recognized that it was outmatched by the U.S. military, so patience and compromise were

necessary. Yet a hole in this tactic was that China was measuring itself against only the U.S. military, and it was ignoring the reactions and roles that its regional rival claimants might have had.

China's regional territorial claim tactics comprised several key elements. The first element was to limit any substantive negotiations on territorial sovereignty issues to the bilateral level. By excluding the United States and multilateral mechanisms, China ensured that it was always the strongest negotiator at the table.

The second element was to be active in multilateral fora for the purpose of increasing soft power and establishing trust and credibility, but to refrain from ratifying legally binding commitments. Although Beijing signed the 2002 Declaration on the Conduct of Parties in the South China Sea with the Association of Southeast Asian Nations (ASEAN) in 2002, it has not signed a binding version, and it has ensured that South China Sea sovereignty discussions are muffled in ASEAN and other multilateral venues. For example, China refused to submit its precise maritime claims to the United Nations Commission on the Limits of the Continental Shelf (CLCS), other than the "U-shaped line," which loops down from the Chinese coast to encompass most of the South China Sea. In 1996, China ratified the United Nations Convention on the Law of the Sea (UNCLOS). However, in an appended reservation, it excluded itself from mandatory compliance and mediation of disputes over sea boundaries and land territory.

The third element was to ensure that the problem was not internationalized and that it did not provoke the United States to deploy its military in the region. China came close on several occasions, but each act of encroachment and/or violence was just small enough not to warrant a U.S. military response. For example, in 1994 and 1995, China surreptitiously occupied the Philippine-claimed Mischief Reef, building an outpost that has since grown to a landing strip long enough to accommodate bomber aircraft. The United States, in the wake of the Taiwan Strait crisis of 1996, increased its naval operational presence in the region. The United States was the one country that China did factor into its calculus and, as such, now had incentive to be more accommodating.

The fourth element was for China to use its growing economic power to advance its political goals. The Asian financial crisis of 1997–98 hammered a number of economies in the region, notably Thailand and Indonesia. But China was spared, due primarily to its relatively closed financial system at the time. China could have devalued its currency during the crisis to maintain export competitiveness, but it chose not to, earning the goodwill of countries throughout the region.

The fifth element was to use domestic laws to help legitimize its territorial claims. This was first witnessed in February 1992, when China passed the Law on Maritime Boundaries, which essentially declared the entire South China Sea as its territory. China utilized this tactic again in 1996 when it drew its maritime baselines in contravention of customary international law. In 1997, China passed a law regarding its exclusive economic zones (EEZs), domestically codifying its South China Sea claims.

China linked its South China Sea tactics to its own power, but it discounted the reactions of its neighbors as a factor. In other words, it omitted—or at the very least misinterpreted—the crucial factor of other countries' military power, diplomatic maneuverings, and, most important, nationalistic fervor. These omissions rendered China's strategic calculus incomplete and therefore self-defeating. China now faces a new regional status quo, one in which its prior policies will not work as Beijing desires. As such, Beijing must adjust its tactics or risk alienating the region and jeopardizing its efforts over the past two decades.

Meanwhile, Beijing's missteps are a historic opportunity for the United States to expand its role and alliances in Asia.

Military Strategy of the 1990s

In the era roughly encompassing the 1990s, China established a pattern of proportional coercion linked to maintaining its claims while not taking more military risk than was necessary.

In 1994, China occupied the Philippines-claimed Mischief Reef (Panganiban in Tagalog), which lies roughly 700 miles from Hainan but is only 130 miles off the Philippine coast and well within its EEZ. January 1996 witnessed the so-called Mischief Reef incident, whereby three Chinese naval vessels fought a ninety-minute battle with a Philippine navy gunboat near Capones Island at Mischief Reef, part of the Spratly chain of islands claimed by Manila. The clash, which triggered a crisis in Sino-Philippine relations, revived U.S.-Philippine military ties; soon after the incident, U.S. Navy SEALs conducted a joint exercise with their Philippine counterparts on Palawan Island, although then-Philippine president Fidel Ramos denied that it was connected to Manila's row with Beijing. Tensions over the occupation subsided by midyear, when the Philippines and China signed a nonbinding code of conduct that called for a peaceful resolution to the territorial dispute and the promotion of confidence-building measures.

In this era, the PLA was outclassed by the U.S. military in every arena. RAND research revealed that the PLA's conventionally armed ballistic missiles could not reach any of the relevant U.S. bases. The People's Liberation Army Air Force (PLAAF) had a total of twenty-four fighters (plus eighty bombers) that could reach the Spratly Islands in 1996. RAND modeling concluded that roughly one-third of a U.S. air wing equivalent (supplied by either the Air Force or the Navy) would have been sufficient to gain air superiority in a seven-day campaign over the Spratly Islands. U.S. maritime dominance was equally comprehensive. RAND concluded that Chinese surface ships, highly vulnerable in any scenario in the 1996 time frame, would have had to venture farther from ground-based air and SAM protection, making them exceedingly vulnerable. U.S. aircraft carriers and other surface ships could be positioned a safe distance from the Chinese coast and would therefore be only slightly vulnerable to Chinese submarine, air, and missile attack.

Diplomatic Strategy of the 1990s

The Tiananmen Square massacre of June 1989 made China something of a global pariah, with many countries reducing their diplomatic contacts with, and their economic assistance programs to, China. In response, China made extensive efforts to reach out to its regional neighbors. Specifically, Beijing reestablished relations with Indonesia and normalized relations with Singapore in 1990 and with Brunei in 1991.

Beijing's tactic of denying multilateral negotiations was in full force at this time and was yielding positive results. Sino-Malaysian relations improved markedly after Malaysian prime minister Mahathir Mohamad visited Beijing in June 1993 and adopted more strident anti-U.S. rhetoric and policies. In May 1999, Malaysian foreign minister Hamid Albar visited Beijing and formally adopted the Chinese position of bilateral, rather than multilateral, negotiations in South China Sea disputes. This angered Manila, which wanted to have multilateral talks over the Mischief Reef seizure in venues such as the ASEAN Regional Forum, where the United States was present. Another tactic to exclude the United States was Beijing's articulation of its "New Security Concept" in the late 1990s. This policy advocated China and its

neighbors disavowing a Cold War mentality (that is, relying on the United States for security) and instead increasing security through deeper regional diplomatic and economic integration. Security concerns were defined to be not just military, but economic, environmental, and public health as well.

China also utilized its domestic laws to advance its regional interests. In February 1992, China passed the Law on the Territorial Sea and the Contiguous Zone. This law employs more generous methods of territorial determination in contravention of UNCLOS. However, China reserved out of mandatory compliance and mediation of disputes. In 1997, the ASEAN member nations and China, South Korea, and Japan agreed to hold yearly talks to further strengthen regional cooperation via the ASEAN “Plus Three” meetings.

The turn of the century saw a slight uptick in maritime encounters, but again, they were not a principal issue in bilateral relations. From January to March 2000, the Philippine navy interdicted fourteen trawlers under the Chinese flag, confiscated their catch, and escorted the ships away from the sea area of the Spratly Islands claimed by the Philippines. In May 2000, Philippine soldiers seized Chinese fishing vessels at the Palawan Islands.

There were also positive signs. In November 2002, China and ASEAN drafted the 2002 Declaration on the Conduct of Parties in the South China Sea, but since then Beijing has continuously balked at signing a binding version. Though the declaration fell short of a binding code of conduct, as the Philippines had sought, it signaled China’s recognition that such an agreement could work in its favor by limiting the risk of conflict in the area, which could involve the United States in the dispute. Yet to avoid commitment and to maximize the asymmetry of separate bilateral talks between China and each Southeast Asian claimant, Beijing calls the discussions with ASEAN “consultations,” not “negotiations.”

Economic Strategy of the 1990s

China’s economy grew at an average rate of 10 percent per year during the period 1990–2004, the highest growth rate in the world. China’s economic relationship with the region entered a new phase in 1997 as a result of the Asian financial crisis. Beijing found a regional leadership role for itself, garnering much regional goodwill in the process. Specifically, it provided Thailand and other Asian nations with more than \$4 billion in aid. China also decided not to devalue its renminbi so as to maintain stability and development. In 1999, China commenced negotiations with the United States to permanently normalize its trade status in anticipation of joining the World Trade Organization, and it also adopted a new, more modern securities law that same year. China’s economic gravity increased in 2001 when it joined the organization. To comply with membership requirements, China eliminated price controls to protect domestic industry and eliminated export subsidies on agricultural products. Subsequent to that, the economic reforms came at a furious pace. In 2004, China reached open-market agreement with ten Southeast Asian nations, and ASEAN reached a consensus on a “Plus Three” trade framework with China, Japan, and South Korea.

U.S. Role in the 1990s

From the mid to late 1990s, the Bill Clinton administration sought security engagements with Beijing as the People’s Liberation Army Navy (PLAN) evolved from a predominantly coastal defense force to a blue-water fleet beyond Chinese territorial waters. In January 1998, China and the United States signed the Military Maritime Consultative Agreement (MMCA), the countries’ first bilateral military agreement,

which served as a confidence-building measure after a period of frigid relations following the 1989 Tiananmen Square massacre. The accord aimed to promote defense dialogue between naval forces to prevent misunderstandings. However, its efficacy was questioned in April 2001, when a Chinese J-8 interceptor and a U.S. Navy surveillance aircraft collided over the South China Sea, killing a Chinese pilot, and the MMCA process became dormant. Also in 1998, the United States and the Philippines signed the Visiting Forces Agreement, allowing renewed access of U.S. forces to the Philippines for training purposes.

CURRENT MILITARY DYNAMICS

The churn that took place in the 1990s made sense at the time, but international relations are not static. Other countries' capabilities have changed, and China's actions were increasingly based on outdated realities. China has made massive improvements in its military capabilities. While this is logical in terms of balancing the United States, it has also made many of China's neighbors nervous.

Asia is the only region in the world that saw increased defense spending in aggregate in 2015. Military expenditures in Asia rose, led by an 11 percent rise in China's military budget. The Philippines also recorded a solid increase at 10 percent. Yet the region's military spending is dominated by China, with its roughly \$356 billion budget accounting for some 40 percent of the total for Asia. In 2014, as global defense spending sank, Asian spending increased. China's military expenditures are roughly five times the combined defense budgets of the major ASEAN powers.

RAND research highlighted how China's military improvements undermine U.S. advantage in the South China Sea. **With all of their regional main operating bases located in northeast Asia, U.S. forces face logistical and operational challenges for combat in the South China Sea. However, China faces similar challenges, primarily because of the position of Chinese bases relative to South China Sea combat.** Power projection assets, such as aerial refueling tankers, satellite-based sensors and communications support, and long-range heavy bombers, will be important to the Chinese in a Taiwan conflict but will be critical in the South China Sea.

The PLA has made massive strides in the last two decades in terms of power projection capabilities. The PLAN possesses the longest range antiship cruise missiles of any country in the region. While the PLA's improved power projection capabilities are indeed formidable, it still has some progress to make when compared with the United States. RAND concludes that through 2017, the U.S. military will almost certainly continue to enjoy the upper hand in most areas, though the degree of advantage is rapidly eroding.

The United States will probably retain the ability to attack and close all Chinese air bases relevant to a Spratly Islands scenario in 2017. Yet assuming that the PLA deploys additional advanced SAMs in southern China by 2017, strikes by legacy aircraft may become risky, forcing the United States to rely, at least initially, on its much smaller force of stealthy aircraft and its limited supply of cruise missiles. In the maritime realm, both sides may be able to target the other's surface warfare assets in the confined spaces of the South China Sea, forming consequential areas that are high-risk for both sides.

Although Taiwan remains the PLA's top-priority scenario, since 2004 it has also been preparing to execute "new historic missions." This formulation, which calls on the PLA to protect China's national interests and play a role in supporting world peace and development, results in its supporting the

acquisition of additional power projection capability. Greater emphasis on the acquisition of support capabilities, such as tankers and airlift, could significantly improve the Chinese capability to conduct operations in the South China Sea in the years beyond 2017.

As such, this new decade has seen an emphasis on maritime power. In 2013, Chinese officials laid out a timeline calling for China to become one of the top eight navies by 2020, one of the top five by 2030, and one of the top three by 2049 (the centennial of China's founding). The Chinese Defense White Paper of May 2015 states: "It is necessary for China to develop a modern maritime force structure commensurate with its national security."

In the national security law passed in 2015, one of the first tasks enumerated for the PLAN is to provide for maritime security. The PLAN already outmatches every regional navy. Perhaps the most obvious manifestation of this is the commissioning of the *Liaoning*, China's first aircraft carrier. Complementing the *Liaoning* are several new classes of Chinese destroyers and frigates, all entering serial production. China is expected to add more than six *Luyang II* and a dozen *Luyang III* destroyers. Supplemented by twenty *Jiangkai II* frigates, China has clearly been addressing the long-standing problem of weak air defense. By 2018, the PLAN may field more ships equipped with phased array radar and may be able to concentrate more such vessels than the U.S. Navy. Moreover, all these ships are equipped with helicopter hangars, substantially improving their antisubmarine warfare capabilities. China is also reportedly working on a larger, cruiser-sized surface combatant. It plans to replace its Houbei missile-armed fast attack craft with Jiangdao corvettes.

China's submarine fleet has also benefited from two decades of double-digit defense budget growth. With its fleet of at least seventy diesel-electric, air-independent propulsion, and nuclear-powered submarines, the PLAN can interdict both commercial and military maritime traffic and potentially overwhelm any response. Currently, China's submarine fleet is able to keep the U.S. Navy at significant distances from the Chinese mainland. The consequence is approximate parity between U.S. and Chinese capabilities in terms of Chinese antisurface warfare in a Spratly Islands scenario. By 2030, the PLAN probably will have more than eighty submarines, all likely armed with antiship cruise missiles.

Meanwhile, the PLAN Air Force (PLANAF) is also steadily modernizing. While the H-6 remains in service, it is backed by more than one hundred JH-7 strike aircraft. In addition, the PLANAF has been replacing many of its second-generation aircraft with modern, fourth-generation aircraft. The PLANAF inventory now includes 4th-generation and 4.5-generation fighters, such as the J-10, J-11, and Su-30. Consequently, China has closed the qualitative gap between the U.S. and Chinese air forces. In a Spratly Islands conflict, China would likely attempt to use its long-range aviation assets to strike targets and protect its ground and naval forces. China could base fighters and integrated air defense systems on the Spratly islets that it is building on, but such forces would be ripe targets and would not likely last beyond the first several hours of high-intensity conflict with the United States.

In the South China Sea, the modernization of the PLAN, the PLAAF, and the PLA Rocket Force (PLARF) means that the PLAN can both seek to establish control of the waters out to the First Island Chain and engage in sea-denial operations. The combination of PLAAF, PLARF, and PLAN assets poses an existential threat to any surface forces that local navies could field. Meanwhile, China's air forces would likely overwhelm all regional air forces in the area between the Chinese coast and the First Island Chain, while China's array of short-, medium-, and intermediate-range ballistic missiles could hold targets on both land and sea at risk.

In March 2013, the Chinese government consolidated control over its various maritime law enforcement agencies, grouping them under the State Oceanic Administration and effectively creating a unified coast guard with more concentrated capabilities.³⁰ The Chinese coast guard serves a quasi-military purpose in that it uses coercion to enforce Chinese claims, notably fishing rights, against foreign states. In 2011 and 2012, China's fishing boats and law enforcement vessels intimidated Vietnam's survey ships, three times severing their seismic cables during those years.

China's military modernization has not gone unnoticed by its neighbors, and they have reacted to the extent they can. The Philippines is planning to purchase three ELM-2288 radar defense and air traffic control radars from Israel.³¹ The radars will bolster the Philippines' surveillance capabilities of the South China Sea and will complement the capabilities of the recently acquired KAI FA-50PH light fighter. The Philippines is set to receive ten coast guard vessels from Japan.³² In 2015, the Philippine supreme court approved the Enhanced Defense Cooperation Agreement (EDCA) with the United States that allows U.S. forces to deploy to a variety of bases throughout the country. The court ruled that the agreement did not amount to a treaty that would need approval from the country's senate and instead could stand as an "executive agreement" under the authority of the country's president. The agreement will grant the U.S. military access to eight bases, including two in the strategic South China Sea: Antonio Bautista Air Base and Naval Station Carlito Cunanan.³³ The EDCA is a direct result of China's assertive tactics in the South China Sea. **One emerging complication is the change of leadership in Manila.** In June 2016, the Philippines swore in Rodrigo Duterte as president. He did not win on a foreign policy mandate, nor has he any foreign policy experience. Duterte is an outspoken, erratic nationalist, but he has expressed a willingness to negotiate with Beijing on South China Sea issues and does not want to be tethered to the United States. However, despite his overtures to Beijing and vitriol directed at Washington, a firm nationalist Philippine public opinion makes it difficult for Duterte to compromise Philippine sovereignty claims and the legal victory his country won in The Hague.

Vietnam is another country that is improving combat readiness. Vietnam's generals are reaching out to a broad range of strategic partners. Hanoi is building ties with the United States and its Japanese, Australian, and Philippine allies. Since 2008, the Vietnamese navy has taken delivery of one BPS-500 corvette and two *Gepard* 3.9-class guided missile stealth frigates armed with 3M24 Uran antiship missiles. Hanoi's concerns about Chinese encroachment reached a new, pitched level in May 2014 when China placed the *Hai Yang Shi You 981*, an oil rig of the China National Offshore Oil Corporation (CNOOC), into waters disputed by China and Vietnam. China enforced its presence there by shouldering and ramming Vietnamese vessels. On February 2, 2016, the fifth of six Kilo-class submarines that Vietnam bought from Russia arrived at Cam Ranh Bay. The Kilo-class conventional submarines are armed with antiship and land attack cruise missiles and are supported by four guided missile corvettes, five light frigates, and several Molniya-class missile corvettes. In recent years, the Vietnamese have acquired more than thirty Su-30MKK fighters. Vietnam has shipped a set of EXTRA mobile rocket launchers to its Spratly garrisons. **The EXTRAs, with their 150-kilometer range, are capable of targeting runways on many China-held Spratly islets.** Also of note, **Vietnam's naval infantry force has conducted an exercise simulating the recapture of an island.**

CURRENT DIPLOMATIC DYNAMICS

China's actions have fostered diplomatic countermoves as well. In May 2009, Malaysia and Vietnam filed a joint submission to the CLCS to extend their continental shelves beyond the standard two

hundred nautical miles from their coastlines, renewing friction over maritime sovereignty in the South China Sea. China viewed this as a challenge to its territorial claims and objected to the submission, saying it had seriously infringed on China's indisputable sovereignty over the islands in the South China Sea.

Diplomacy has proven unable to prevent incidents that could spark confrontation. From May through July 2010, Indonesia and China each captured several of the other's fishing boats, accusing them of fishing illegally in foreign waters. In June of that year, an Indonesian patrol clashed with Chinese fishermen escorted by ships from the Chinese ministry of fisheries off Natuna Island in the southern part of the South China Sea.

In February 2011, a Chinese frigate fired warning shots at a Philippine boat near Jackson Atoll off the Spratly Islands. In May, Vietnamese authorities accused China of having severed the seismic survey cables of the oil exploration ship Binh Minh 02, operated by Vietnam's state-owned energy firm PetroVietnam. One month later, a Chinese ship was caught in the cables of a Vietnamese oil exploration ship one thousand kilometers from Hainan Island. In March 2011, Chinese surveillance ships forced a Philippine vessel conducting surveys in the Reed Bank to leave the area. Both parties declared the incident a violation of the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea, and the event set off a series of skirmishes in the region between the two countries.

In February 2012, Chinese authorities prevented the landing of eleven Vietnamese fishermen seeking refuge from a storm on one of the Paracel Islands. Vietnam lodged a protest, but China rejected the allegations. From April to June, after a Philippine reconnaissance plane identified Chinese fishing boats at Scarborough Shoal, the Philippine navy deployed its largest warship, the BRP Gregorio del Pilar (former USCGC Hamilton), to investigate. Manila said the fishermen were fishing illegally there. China also deployed two maritime law enforcement vessels to block any enforcement, resulting in a stalemate. Manila claimed that under a 2012 deal mediated by the United States, Beijing and Manila agreed to withdraw their forces from the reef until a compromise over its ownership was reached. China has not complied with this agreement and has maintained its presence in the area ever since.

In June 2012, Vietnam passed a maritime law asserting its jurisdiction over the disputed Spratly and Paracel Islands, demanding notification from any foreign naval ships passing through the area. China issued a strong response, announcing the establishment of a city, Sansha, on the Paracels that would administer the Paracels and Spratlys and the Macclesfield Bank. On July 13, for the first time in its history, ASEAN failed to issue a communiqué at the conclusion of its annual meeting in Cambodia. Its ten members hit an impasse over China's claims in the South China Sea, and member countries disagreed over whether to include the territorial issue in the joint statement. China's influence on Cambodia, the 2012 rotating chair of the conference, caused the exclusion of the Scarborough Shoal and EEZ issues from the text, resulting in the deadlock. Cambodia also excluded stronger language in the 2016 ASEAN statement. Both Manila and Hanoi wanted the communiqué issued by ASEAN foreign ministers after their meeting to refer to the ruling and the need to respect international law. Yet Phnom Penh opposed the proposed wording, creating an ASEAN impasse that had not been seen since 2012.

In March 2013, a Chinese marine surveillance vessel confronted a Vietnamese fishing vessel near the Paracels. In March and April 2013, a four-ship PLAN flotilla deployed to James Shoal, eighty kilometers from the Malaysian coast, where the crew participated in a televised oath-taking ceremony, pledging to defend the South China Sea and maintain national sovereignty for China. In July, a Chinese coast guard

crew boarded two Vietnamese fishing vessels near Woody Island and allegedly removed Vietnamese property. The year 2014 proved to be one of the tensest years in the region. China harassed Vietnamese fishing vessels near the Paracels in January, March, August, and November. China harassed Philippine vessels near Scarborough Shoal in January and near Second Thomas Shoal in March. Yet the high point of tension was in May through July, when China deployed CNOOC 981 to the disputed waters of Vietnam and China near the Paracels.

The following year, 2015, proved to be tense as well. China confronted Philippine vessels near Scarborough Shoal in January and April. China harassed Vietnamese vessels in June, July, and September near the Paracels and in November near Subi Reef. The trend continued in 2016, as China harassed Philippine vessels near Half Moon Shoal and Jackson Atoll, both in February and March, near Scarborough Shoal in March, and near Camiguin province in May. China frustrated Indonesia when it prevented Indonesian authorities from arresting a Chinese fishing vessel operating illegally near the Natuna Islands in March and in June. Chinese coast guard ships also rammed Vietnamese fishing vessels near Discovery Reef in the Paracels in July.

At the bilateral level, mutual concern with Beijing's attempts to solidify its claims in the disputed waters spurred Manila and Hanoi to pursue enhanced security cooperation, which culminated in the signing of a joint statement on the establishment of a strategic partnership on November 17, 2015. While encompassing multiple areas of cooperation, the joint statement has a notable focus on security and defense.

At the multilateral level, in August 2015, in the face of Beijing's objections, ASEAN called for all claimants to halt land reclamation activities in the South China Sea. The communiqué issued by ASEAN stated that land reclamations "have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the South China Sea."³⁸ The Sunnylands Declaration released on February 16, 2016, at the end of the two-day U.S.-China presidential summit laid out seventeen principles to guide U.S.-ASEAN cooperation going forward.³⁹ The fifth of these reaffirms "respect and support for ASEAN Centrality and ASEAN-led mechanisms in the evolving regional architecture of the Asia-Pacific." The summit conveyed "shared commitment" to "freedom of navigation and overflight" in and above the South China Sea and twice endorsed UNCLOS. However, those phrases are not softening China's refusal to allow international rules to restrain its maritime ambitions.

CURRENT LEGAL DYNAMICS

China declares the right to exploit fishery resources in the South China Sea, but not only in the waters within two hundred nautical miles from its mainland coast and from the Paracel Islands. By using the U-shaped line, China's claim extends beyond any possible EEZ limits that can be generated by its mainland and by any islands in the South China Sea over which it claims sovereignty. China's fishing rights claim appears to be based on both EEZ entitlement and historic claim. Beijing argues that the features in the South China Sea are entitled to a full-fledged EEZ and continental shelf as a group, but it has yet to make any official declaration of the limit of its EEZ claim from the islands. Additionally, China argues that it has a form of exclusive historic rights within the waters inside the U-shaped line but beyond the maritime zones generated from the islands. China officially used the U-shaped line for the first time in 2009 in its response to the joint submission to the CLCS made by Malaysia and Vietnam. China, however, has not officially clarified the meaning of the U-shaped line map, nor the maritime zones generated by the islands in the South China Sea over which it claims sovereignty. Even though China has declared straight

baselines around the Paracel Islands, it has yet to do the same for the rest of the Spratly Islands, over which it claims sovereignty. When the People's Republic of China became the official government of China, it more or less adopted the U-shaped line map drawn by the government of the Republic of China.

China's fishing rights claim appears to be based on both EEZ entitlement and historic claim. First, Beijing argues that the features in the South China Sea are entitled to a full-fledged EEZ and continental shelf as a group. Yet China has not made any official declaration of the limit of its EEZ claim from the islands. Second, it argues that it also has a form of exclusive historic rights within the area the U-shaped line encompasses but beyond the maritime zones generated from the islands. However, the view that the U-shaped line represents China's historic claim that is akin to an EEZ does not seem to be attainable. The EEZ concept is a fairly new one; thus, the international community would be unlikely to agree to China claiming "EEZ-like rights" under the historic title concept.

The Philippines pursued legal recourse on January 22, 2013, when it initiated an international arbitration case at the Permanent Court of Arbitration (PCA) in The Hague under UNCLOS Annex VII. The Philippines asked for a finding that "China has unlawfully interfered with" the Philippines' exercise of sovereign rights with respect to resources of its EEZ and continental shelf. It also requested the tribunal to rule as illegal the U-shaped line as a violation of international law

China rejected the process, forcing the arbitration to continue without its participation. China asserted that it has a form of exclusive historic rights within the waters inside the U-shaped line and beyond the maritime zones generated from the islands.⁵⁰ Instead of filing a formal legal response to the Philippines' case, China has sought to establish a de facto position, using its construction projects and marine law enforcement to convince others to recognize Chinese control practically if not legally.

On July 12, 2016, the PCA issued an ex parte award that surprised most legal and security scholars by how comprehensively it ruled in the Philippines' favor. The PCA upheld nearly all of the fifteen issues the Philippines submitted before it, most notably that none of the features in the South China Sea are "islands," that China's U-shaped line is invalid as a claim for maritime rights, and that China's activities in those waters are illegal. Not surprisingly, Beijing continued to reject the PCA's jurisdiction, declaring that the award was invalid and had no binding force. China reasserted its historic rights in the South China Sea, even though the PCA explicitly ruled that the historic rights arguments were invalid under UNCLOS. Chinese foreign ministry officials even chastised the judges' alleged lack of understanding of East Asian history and culture.

China is trying to make itself an international maritime judicial center by promoting its maritime court system under the Supreme People's Court. This is not about replacing the International Tribunal for the Law of the Sea (ITLOS) but rather about providing a forum of adjudication for China's growing maritime commercial activities. The courts assert jurisdiction over all maritime zones claimed by China, to include the South China Sea. However, these courts have many reforms to undertake (notably regarding transparency and professionalism) before they can challenge London or Singapore as preferred maritime dispute settlement venues.

CURRENT ECONOMIC DYNAMICS

Economics has been China's trump card in regard to regional relations. Chinese trade in Asia is outpacing that of the United States. U.S. trade in goods and services with ASEAN more than doubled between 1996 and 2015, exceeding \$260 billion per year to make ASEAN the fourth-largest trading partner of the United States. This growth is impressive but is eclipsed by China's economic connections with the region since the 1990s—conditions that empower China. Prior to the 1997 Asian financial crisis, the United States and Japan were ASEAN's largest trading partners, between them accounting for more than 30 percent of the region's imports and exports, while China's share was less than 5 percent. By 2015, however, China's weight had grown and represented about 15 percent of ASEAN's total trade, with a value of trade more than twenty times what it was in 1996.

From the Chinese side, in some respects, ASEAN is negligible. In 2014, China's regional export destinations as a percentage of its overall exports were Singapore (1.9 percent), Thailand (1.6 percent), Vietnam (1.6 percent), Malaysia (1.6 percent), and Indonesia (1.4 percent). In terms of shares of imports that regional partners compose, those numbers are Malaysia, 2.1 percent; Singapore, 2 percent; Thailand, 2 percent; Indonesia, 1.6 percent; the Philippines, 1 percent; and Vietnam, 0.92 percent.

While none of these countries are in China's top-five export or import destinations, the same cannot be said for the reverse. China has embedded itself as a top-five trade partner for all members of ASEAN. The degree of dependence varies due largely to wealth: wealthier ASEAN countries have a diversified set of trading partners, but poorer ASEAN countries depend heavily on China, particularly as a source for imports. For example, Vietnam's dependence has grown, whereas Singapore's has waned. China is Brunei's third-largest source of imports (9.9 percent); Cambodia's second-largest import source (26.7 percent); Indonesia's second-largest export market (10 percent) and largest source of imports (17.2 percent); Laos' largest export market (34.9 percent) and second-largest import source (25.6 percent); Malaysia's second-largest export destination (10 percent) and its largest import supplier (16.9 percent); Myanmar's largest export market (63.1 percent) as well as its largest supplier (42.4 percent); the Philippines' third-largest export market (13 percent; second place with 22 percent if Hong Kong is included) and its largest supplier (15.8 percent); Singapore's largest export market (12.7 percent; 23.8 percent if Hong Kong is included) along with Singapore's largest supplier (12.1 percent); Thailand's largest market (12.1 percent) along with its second-largest supplier (15.6 percent); and Vietnam's second-largest market (10.4 percent) and its largest supplier (30.3 percent).⁵⁶ China is banking on this economic relationship as leverage over rival claimants' actions vis-à-vis China.

CURRENT U.S. ROLE

In 2009, the region saw China abandoning a certain principle that it had previously strongly followed: commit no action that would provide an excuse for the U.S. military to establish and maintain a frustrating presence. This most recent and most dramatic uptick in assertiveness has yielded results that China had not planned for but nonetheless should have foreseen. China now faces an irony of the highest order: its strategy to keep the United States out of the region is resulting in a more robust, militarized presence by Washington.

On July 23, 2010, in a speech at an Asian regional security meeting in Hanoi, U.S. secretary of state Hillary Clinton reiterated Washington's neutrality on sovereignty in the South China Sea but affirmed American interests in the "open access to Asia's maritime commons." Beijing was furious at this

statement. In June 2011, the U.S. Senate passed a resolution unanimously condemning China's use of force in the South China Sea and called for an international solution to the territorial disputes. The next month the United States and Vietnam conducted a series of naval drills in the South China Sea.

On November 17, 2011, President Barack Obama delivered the "Pivot" (later called the "Rebalance") speech to the Australian parliament, announcing that the United States would pivot its strategic attention to the Asia-Pacific, particularly the southern part of the region. The Obama administration announced new troop and equipment deployments to Australia and Singapore and pledged that reductions in defense spending would not come at the expense of commitments to the region. That same month, the United States and ASEAN pressed China at the Sixth East Asia Summit in Bali, Indonesia, over maritime security in the South China Sea, especially over China's claims of indisputable sovereignty over the area. As part of the rebalance, U.S. defense secretary Leon Panetta laid out the U.S. plan to alter its global naval deployment, shifting from a 50/50 split between the Atlantic and Pacific Oceans to 60 percent in the Pacific by 2020.

Manila improved its security relations with the United States as a response to China's activities. On April 28, 2014, President Obama, on the last leg of a four-nation Asia tour, signed a ten-year military pact with the Philippines. Under the EDCA, the U.S. military would gain increased rotational troop presence in the country, engage in more joint training, and have greater access to bases across the archipelago, including ports and airfields. In the Philippines, proponents of the deal have described EDCA as an urgently needed initiative to upgrade the country's bilateral alliance with the United States.⁶² The new pact, which builds on the 1998 Visiting Forces Agreement, facilitates the expansion of joint military exercises and enhances interoperability among their armed forces. The EDCA immediately faced a backlash in the Philippine senate, which insisted that the new pact was a treaty that demanded ratification. The case was eventually heard before the Philippine supreme court, which after almost a year of deliberations ruled that the EDCA was an executive agreement that fell within the prerogative of the Benigno Aquino administration.

To accommodate America's massive military platforms, Manila expected Washington to upgrade the facilities as well as the surrounding infrastructure of designated Philippine bases. The two allies were also contemplating the prospect of joint patrols close to South China Sea land features occupied by China. The deal was the centerpiece of Obama's first visit to the Philippines and underscored the administration's commitment to the Asia "pivot."

While President Obama expressed solidarity with Manila as it sought international arbitration over the disputed South China Sea islands, he insisted that the deal was not aimed at containing China. On October 2, 2014, China wasted no time in lashing out at the EDCA, accusing Manila of "turning to Uncle Sam to back its ambition to counter China" and warning that the Philippines would "bear the negative consequences of its stupid move in the future."⁶³ It prodded the Philippines to instead solve "disputes with China through negotiations without seeking help from a third party."

Washington's solidarity with Manila has been facing serious challenges since Rodrigo Duterte became president of the Philippines on June 30, 2016. He has been arguably the most anti-U.S. president in modern Philippine history and has actively courted Beijing, though primarily in the economic sphere and less so the security sphere. However, the United States is still considered to be a vital security partner by much of the Philippine senate, general populace, and even Duterte's own cabinet. As such, there are

limits as to how closely he can embrace Beijing and how far he can drift from the United States as an ally.

U.S. activities with Vietnam are increasing as well. Vietnam's purchase of maritime security weaponry is expected to bolster the defense of its territorial claims in the South China Sea and defend against China's expanding military capabilities. Hanoi and Washington in June 2015 signed a Joint Vision Statement outlining expanded defense cooperation in twelve areas.⁶⁵ The United States ended its arms embargo on Vietnam and announced \$18 million worth of assistance to help the Vietnam coast guard acquire patrol boats, both modest but symbolically significant steps.

In terms of doctrine, the U.S. Defense Department released the Asia-Pacific Maritime Security Strategy in 2015. **The strategy essentially provided two services.** First, it identified what the department felt were the most pressing regional challenges to the United States. Second, it consolidated the military initiatives the department was pursuing in the region. The strategy described China as the major source of regional instability and articulated U.S. efforts to stabilize the South China Sea.

The year 2015 saw new levels of U.S. strategic messaging. On October 26, 2015, Washington deployed the USS *Lassen* to transit inside twelve nautical miles of five features, including Subi Reef, and flew B-52 bombers near a group of Chinese-built artificial islands in the Spratlys. This transit was to assert "freedom of navigation" in disputed waters in the South China Sea. China's ambassador to the United States called the patrol a "serious provocation, politically and militarily." The mission came after an August 2015 U.S. Department of Defense report stated that China had reclaimed nearly three thousand acres on the Spratlys. These transits were not meant to address the core territorial conflict over the land features among China and the other claimants, however. Nor will such operations address the territorial conflict unless and until the United States chooses a side in the conflict over who has sovereign title over each land feature.

On January 30, 2016, the USS *Curtis D. Wilbur* conducted an innocent passage through the territorial seas of Triton Island of the Paracels, which is claimed by China, Taiwan, and Vietnam. This freedom of navigation operation (FONOP) again contested China's demand for prior notification, a demand that is issued by only a handful of other governments around the world, including Taiwan and Vietnam. The USS *Curtis D. Wilbur* operation was similar to the USS *Lassen* passage with respect to its legal assertion and insofar as it transited features claimed by multiple states. The destroyer USS *William P. Lawrence* passed within twelve nautical miles of Fiery Cross Reef on May 10, 2016.

FUTURE TRENDS

China's leaders—notably Xi Jinping—have called for a change in the global governance system to reflect China's growing power and what it perceives as diminishing U.S. power. In other words, Beijing wants to be an agenda setter and a rule-maker. This does not mean China can brazenly shatter the status quo to reflect this vision, however. It has pushed its agenda and pursued its interests via operating just below the threshold of U.S. military response. This is the "salami slicing" technique that is in full force in the South China Sea. In one regard, China's salami-slicing hybrid tactics have yielded success; witness how, by January 2016, China had landed civilian and military aircraft and passengers on the Fiery Cross Reef airstrip with no substantial pushback. In another regard, China's actions have made the region a theater of big-power competition, as the United States increases its presence near China's large-scale land reclamation and construction on several disputed reefs.⁷⁰ China's aggressive assertion of its territorial

claims sets it on a collision course with several Southeast Asian nations with competing sovereignty claims in one of the world's busiest waterways, an area rich with fisheries and possible oil and gas reserves.⁷¹ In 2015, U.S. defense secretary Ashton Carter called for an immediate and lasting halt to land reclamation in the disputed area and announced that the United States would fly, sail, and operate wherever international law allows. Moreover, Beijing's response in the weeks subsequent to the PCA award—nationalist venting, a dismissive rejection of the ruling, a Supreme People's Court counter-Hague ruling, and threats to arrest any intruders into its claimed South China Sea territories—undermined China's claims about peaceful developments. Moreover, China's legal woes may not be over. If it persists in illegal island-building activities and interferes with lawful Philippine fishing in the vicinity of Second Thomas Shoal, Scarborough Shoal, or Mischief Reef, an international court such as the International Court of Justice or ITLOS could theoretically impose sanctions on China for flaunting a lawful UNCLOS decision. Such legal sanctions could entail having China's privileges essentially revoked in three UNCLOS institutions: ITLOS, the International Seabed Authority, and the CLCS.

Is China's late-twentieth-century strategy leading to conflict in the twenty-first century? China is attempting to create a situation in which the United States, to uphold international law, will either have to accede to China's territorial claims in the South China Sea or openly resort to the use of hostile force, allowing China to publicly portray the United States as an imperialist aggressor state.⁷³ Beijing is betting that the United States will not take this action and that power over the South China Sea and all the resources that lie beneath it will pass to China, breaking U.S. influence in the region. Beijing hopes to frame the United States as a fading Cold War power whose reluctance to accept its inevitable decline is causing regional instability. China puts forth the message that the United States is trying to unjustifiably retard China's fair and natural rise. Its strategic message in the region is that this U.S. stubbornness is a greater threat to regional stability than any Chinese land reclamation. Consequently, U.S. FONOPs are destabilizing in their effect, according to China.

The challenge for China is that under mounting nationalist pressure, there is no guarantee that Beijing will be able to maintain restraint in responding to future FONOPs.⁷⁴ If, as expected, the FONOP program continues in the South China Sea, U.S. officials should expect intercepts and the possibility of unsafe encounters. Still, the present situation is such that any miscalculation or any accident can easily erupt into a scenario that no one wants.

Furthermore, this strategy becomes problematic at home to the degree that Chinese nationalists make the same (or greater) inference about the territorial claims and security postures that are intended for foreign audiences. China could face significant pressure from domestic forces that do not appreciate the careful nuance of its official positions. Chinese media have cried foul against other claimant countries, along with the United States and Japan, for causing problems in the South China Sea.

If push comes to shove, regional support for U.S. determination to preserve the status quo will be tested. The choice in Asia is not, as many assume, a simple one between the U.S.-led order many know and trust and a Chinese hegemony they understandably fear. Certainly no one in Asia wants to live under China's shadow, and everyone realizes that a strong U.S. strategic role in Asia is the best way to avoid that.

But regional powers also value their relationships with China enormously and fear the consequences of escalating U.S.-China rivalry. Bluntly put, these countries have become economically linked with China, and they are aware that, geographically speaking, China is literally not going anywhere. As a

consequence, they are incurring increasing risks in the event of openly defying China. Despite—or perhaps because of—this, they still want the United States to remain in Asia on a basis that avoids escalating rivalry—which means on a basis that China is willing to accept. If China cannot be persuaded to accept U.S. primacy, China’s neighbors would far prefer a compromise that preserves a U.S. role large enough to balance China’s power and avoid Chinese hegemony but not so large that it inflames relations with China. That means there would be strong regional support for some kind of U.S. role, but not necessarily the role the United States has in mind. The reality is that Asian countries may support the United States against China to avoid Chinese hegemony, but not to the point that the United States is empowered to interfere in regional independent internal politics.

That being the case, regional countries have a range of positions when it comes to Sino-U.S. rivalry. **These positions can be broadly placed into one of three groups.** Most of the claimants, notably the Philippines and Vietnam, have been highly critical of China. The Philippines has elected to renew the EDCA with the United States, despite domestic criticism on the question of sovereignty and expanding content. However, Beijing is betting that the Duterte administration in Manila will prove amenable to Chinese influence and has evidence to believe so. **As for Vietnam,** although an alliance remains out of reach given resistance from hardline elements, relations with the United States are increasingly warm, and China is the primary factor in this. These countries were, in response to China, employing soft-balancing (that is, hedging) techniques through defense build-ups and bandwagoning with the United States. China’s tactics, such as constructing military outposts on disputed features in the South China Sea, could intensify this group’s alignment toward the United States, even in the face of improving Sino-Philippine relations.

A second group of ASEAN members, notably Indonesia, Singapore, and Thailand, has been very keen to maintain strategic autonomy. Nevertheless, with a massive influx of Chinese investment, countries that are in need of infrastructure and engagement, such as Indonesia and even Thailand, will struggle to preserve their neutrality. They value their relationship with both China and the United States and seek to reap maximum rewards from positive relations with both. For them, regional instability is the biggest enemy, though China is slowly eroding these countries’ trust. Thailand is slowly moving towards the third group, however. It has contracted with China to buy three S26T diesel-electric attack submarines, 34 ZBL-09 VN-1 armored personnel carriers (APCs), and 12,506 units of 30mm rounds from China North Industries Corporation (NORINCO). Though this speaks more to Thailand wanting to diversify its arms suppliers and adapt to post-coup sanctions by the United States, it still generally does not bode well for the United States and its regional interests.

The third group includes Cambodia, Brunei, Laos, and Myanmar (though Myanmar is moving toward the second group). These are all countries determined to avoid any position that puts them directly at odds with China. These countries are small and politically, militarily, and economically at risk from an angry, hegemonic China. China is also able at times to play off historical animosities among and between these countries. That still does not mean that China can never overplay its hand with them, however.

The gaps between these already divergent positions have been widening since the PCA delivered its strongly pro-claimant award. It is motivating claimants to step up their efforts to reassert their claims and to bolster security ties with external powers, especially the United States and Japan. As claimants such as Vietnam determine second- and third-order effects of the Philippines’ case, they may initiate their own legal actions. The Philippines, Vietnam, Malaysia, and even nonclaimants such as Singapore

and Indonesia will support the primacy of rules in managing disputes and regional affairs. ASEAN members will also pressure ASEAN meetings to address the challenges that China's claims present. This will put nonclaimants in the difficult position of having to choose between their fellow ASEAN members and China. These divisions make it unlikely that ASEAN, the most important regional grouping, will be able to reach consensus on any serious strategy for addressing disputed South China Sea claims or dealing with any other challenges from China.

How, then, will the United States and its allies respond? Many in the United States will no doubt demand that steps be taken to punish China for what they perceive to be Xi Jinping's duplicity—most likely in the form of economic sanctions. Sanctions, however, could potentially hurt the U.S. economy as well and will have little appeal for nations such as Vietnam, Malaysia, or Australia, all of which are deeply engaged with China economically. Even less appealing would be any attempt to respond militarily, given China's burgeoning anti-access/area denial capabilities, along with other levers of national power, most notably its economic influence. Thus, while economic sticks hold little appeal, military sticks hold even less. Washington cannot sit idly by as China effectively salami-slices the United States and its allies out of the South China Sea. Yet Washington must avoid taking a hard line that puts Beijing in a corner (one created by its own tactics) and forces it to lash out militarily to save face and appease domestic nationalism. No one wants a shooting war in a major global trade artery involving at least two of the world's largest powers.

CONCLUSION

The increased anti-China sentiment arising in the region begs the question of why China would risk its interests and not be more accommodating. The explanations lie in how it has plotted its regional strategy.

China holds a new position in the region and globally. In its own eyes, and in the eyes of others, China has achieved the status of a world power. After thirty years of following the famous maxim, attributed to Deng Xiaoping, to "hide your light and bide your time," China has adopted a foreign policy that seems to arise from the wish to act militarily and diplomatically in accordance with its increased economic power. Even if there is no enemy that wants to attack China, it may regard a strong military as something that a world power "needs." Ninety percent of global trade goes by sea, but under the current order, only the United States (with allies) has the means to police the sea lanes. Why, from the point of view of the newly arrived world power, should that remain the case close to China's coast? The fact that China profits from the status quo does not mean that it cannot perceive a need to improve it and extend its own maritime reach. From that perspective, the U.S. security guarantee and, since 2011, its "rebalance" that aims to bring 60 percent of the U.S. fleet to the Pacific by 2020 may look to China very much like "soft containment" at the least. It might seem only natural to seek an arrangement in the region that makes China less dependent on the United States and wins it access to the natural resources and the fish of the region in the process.

China's strategy has not been as iterative and adaptive as it needs to be to the changing region around it, and it is resulting in a tactics-strategy mismatch. Its strategy does not account for the national politics of its adversaries and only looks at its own strengths, current and projected, as guidelines for regional security policies. This mismatch guarantees increasing alienation against China from surrounding countries. China has been iterative vis-à-vis the United States, and China's military and economic power may secure the loyalty of Laos and Cambodia, but its strategy is a flawed one when applied uniformly to

all countries in the region, notably Vietnam. For any future resistance it encounters from its neighbors, China will only have itself to blame.