China’s Diplomacy towards the South China Sea Disputes

Abstract

This paper delves into China’s diplomatic patterns observed throughout the course of becoming a major regional actor by analysing the case of its diplomacy in the South China Sea dispute. The significance of diplomacy has been strengthened in the transforming security situation of the Indo-Pacific. The complex background of the South China Sea dispute further required China to establish various platforms of diplomacy to communicate with claimants. Over the bilateral, trilateral and multilateral dialogues for the last decade, China’s position has provided observers with clearer cases that answer important questions: When China can negotiate? And for which it would even go for severe conflict? There are two main parts of this paper. At first, this paper presents a discussion on China’s expectation on diplomacy. With the expectation, distinctive patterns – bilateral, trilateral and multilateral – have created spaces for China to advocate agenda with different attributes. The analysis on the meetings between China and important claimants and regional institutions is conducted. In the latter part of this paper, China’s claim as the bottom line and the underlying interests that China strategically pursued are defined in the correlations with its diplomatic attempts during the given period.

Introduction

This paper analyses the patterns of China’s diplomacy to maintain its claims and protect interests in the South China Sea (SCS) dispute. China’s activities could be explained through an interpretation of China’s establishment and management of diplomacy. The research on the SCS has significance in that the SCS dispute has created cycles in Asian maritime tensions since the 1970s (as has the dispute over the East China Sea).1 The SCS dispute provides various combinations of negotiation among one regional power, China, and small and medium-sized Southeast Asian states that gives an understanding on China’s manoeuvres in different diplomatic settings.

The time period after 2000 places a couple of analytic points in this paper. In this period, the Chinese foreign policy is symbolised by “harmony with difference” advocated by Jiang Zemin, which was followed by the wider concept of “harmonious world” in the last decade.2 China followed exemplary multilateral approaches around the year of 2000 towards the SCS dispute, however, it displayed a strategic shift into stubborn behaviour in the late 2000s.3 The period is pertinent to observe China’s immediate diplomatic changes before and after it became

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the second largest economy in the world in 2010. The research period, therefore, is appropriate to focus on the dynamics in the given research theme.

China’s diplomacy in the SCS dispute has been analysed from various theoretical points of view. From the realist point of view, the dispute in the SCS and difficulties in diplomatic resolution are predictable outcomes as China has become a rising power. In liberalism, researchers are interested on how China’s diplomacy in the SCS has responded to intensified interdependency in the regional order and complicated structure of agenda. Research on constructivism theory is not as popular as liberalism and realism among Chinese researchers. Qin Yaqing, as one of few scholars in the realm of constructivism, argues that any achievements in the multilateral cooperation in the SCS is positively assessed in the Chinese viewpoint. Lanteigne similarly argues that China is much more sensitive to the manner in which its identity and its foreign policies are perceived abroad. In regards to internal process of decision making, Scobell and Nathan provide comprehensive description, and Jakobson focuses on the fractured decision making system in Chinese authority with regard to its unpredictable actions in the SCS.

This paper attempts to contribute to current discourse on the SCS by suggesting the close connection between claims, underlying interests, and patterns of diplomacy from the Chinese point of view. This paper focuses on the continuities found in China’s utilisation of various sets of diplomacy. It argues that China has been involved in bilateral, trilateral and multilateral diplomacy in the SCS dispute. Meanwhile China continuously maintained its territorial claim throughout its engagement. This paper approaches the bottom line of the claim and observes the maximisation of claim as the diplomatic platform changes and the expected negotiating effects are varied.


China’s Expectations on Diplomacy

Since the 2000s, the Chinese government has attempted to defuse tensions over the SCS and externalise its diplomatic efforts. Dai Bingguo, the State Councilor in 2010, has moved to prevent Chinese policy from being hijacked by aggressive nationalism in China.10 It is possible for China to rise peacefully in near future only when it makes other states acknowledge China’s rise and advocate the phenomenon, and when it is appreciated as a reasonable leader of the world.11 China’s diplomatic initiatives have been pursued through various diplomatic channels and soothed the criticisms against its assertiveness: bilateral (foreign aid, trade), trilateral (joint exploration), medium multilateral (China-ASEAN Free Trade Agreement), and large multilateral (ASEAN Regional Forum, ADMM-Plus), and track two diplomacy (establishing Confucius Institutes and exchanging civilians).12 In this section, China’s utilitarian view on diplomacy and its practice in diplomacy with different actors in different size of negotiations will be discussed.

Agenda setting is given a lot of weight in China’s diplomacy and leads the discussion with the principles that China promotes. Yan has envisaged that China would prepare principles to manage a territorial dispute and avoid obstacles in its cooperation with ASEAN, and his assumption was proved to some extent when the Chinese Foreign Minister Wang Yi introduced the “Four Respects”.13 The Four Respects indicate that China suggests and positions the agenda in the dispute in such a way to lead negotiations in its favour. Among the four principles, China’s advocacy of UNCLOS came as the second statement. As the third and fourth principles, Wang emphasised that direct dialogue and consultation between the countries involved should be respected, and the efforts China and ASEAN have made to maintain peace and stability should be endorsed.14 If Wang Yi listed the four principles in order of priority, then it indicates that the China’s diplomatic focus has moved the gravity at least in its public statement.

China’s approach towards international norms or other types of institutions has derived from rational utilitarian calculations, as observed in other cases that showcase China’s recognition of international norms.15 These utilitarian calculations are built upon mainly three priority blocks. At firstly, sovereignty should be respected. Secondly, China should be able to make state-centric decisions. Lastly the advantages should be guaranteed for Chinese national interests.

The utilitarian view is useful to analyse China’s behaviour as a party of UNCLOS. China’s intention to be a

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member of UNCLOS is indicated in its statement made upon ratification of UNCLOS in 1996. According to the statement China wants to “enjoy sovereign rights and jurisdiction” over the land territory in the SCS and their EEZ and continental shelf. China further articulates that it will conduct consultations on the “delimitation of the boundary of the maritime jurisdiction” if issues occur over overlapping maritime areas. China’s view reflected in the 1996 statement reappeared in various sources since then. China’s declaration in 2006 (see Table 1) further clarified what China wanted to obtain by accepting in the international norms, and what consequent compulsory engagements expected to a member China wanted to avoid.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Year</th>
<th>China’s Expectations on Diplomacy [italics added]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement on ratification of UNCLOS</td>
<td>1996</td>
<td>“The People’s Republic of China will effect, through consultations, the delimitation of the boundary of the maritime jurisdiction with the States with coasts opposite or adjacent to China respectively on the basis of international law and in accordance with the principle of equitability.”</td>
</tr>
<tr>
<td>Declaration on the Conduct of Parties in the South China Sea (DoC)</td>
<td>2002</td>
<td>“The Parties concerned undertake to resolve their territorial and jurisdictional disputes ... through friendly consultations and negotiations by sovereign states directly concerned, in accordance with universally recognized principles of international law, including the 1982 UN Convention on the Law of the Sea.”</td>
</tr>
<tr>
<td>Declaration under article 298 of UNCLOS</td>
<td>2006</td>
<td>“The Government of the People’s Republic of China does not accept any of the procedures provided for in Section 2 of Part XV of the Convention with respect to all the categories of disputes referred to in paragraph 1 (a) (b) and (c) of Article 298 of the Convention.”</td>
</tr>
<tr>
<td>Four Principles</td>
<td>2014</td>
<td>“China insists on upholding the international laws on territorial disputes and the UN Convention on the Law of the Sea. ... direct dialogue and consultation between the countries involved should be respected. It has proven to be the most effective way to solve the dispute.”</td>
</tr>
</tbody>
</table>

Table 1. China’s stance in diplomacy presented in various sources

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17 Ibid.
19 Other 36 members of UNCLOS also declared for the same. This declaration means that a member does not accept certain compulsory dispute resolution procedures including disputes with respect to (a) territorial sea, (b) EEZ, (c) continental shelf, and further historic bays or titles. Division for Ocean Affairs and the Law of the Sea, Oceans & Law of the Sea, United Nations, “United Nations Convention on the Law of the Sea”.
Patterns: Bilateral, Trilateral, Multilateral Diplomacy

Bilateral negotiation has become a practical and effective platform in which China pursues sensitive issues directly relevant to territorial and delimitation issues in the disputed waters. Wu Shicun, the President of The National Institute for South China Sea Studies, states that the solution for the SCS dispute is bilateral negotiations because only some individual countries from ASEAN hold maritime disputes with China and their arguments and attitudes are different from each other.\textsuperscript{21} China has insisted that the SCS dispute can only be resolved through direct talks after the Philippines filed a case to the Permanent Court of Arbitration in 2013. According to the Chinese perspective, international judicial mechanisms will not necessarily help mediate or resolve the tension.\textsuperscript{22}

The China–Vietnam relationship is an exemplary case that shows variability and stability among other cases of China’s bilateral relations. China and Vietnam have restored their relationship in a short time by conducting direct communication between high-level officials right after nationalism and tensions arose in the two countries due to a Chinese maritime surveillance vessel cutting the cable of a Vietnamese seismic vessel in May 2011.\textsuperscript{23} They agreed to continue “the long-term and steady growth of bilateral relations” and strive for a peaceful resolution to the SCS dispute even after China’s oil rig installation in the Paracel this year, which conveys that the deepened understanding is built on their bilateral relationship.\textsuperscript{24} A broader context, however, can be found in the argument that the SCS conflict is confined to only one part of the whole Sino-Southeast Asian relationship. Therefore, the relevant countries would be able to focus on the business of strengthening relations with China in other sectors such as the economy, military cooperation and political stability, without constantly worrying about the looming China threat.\textsuperscript{25}

As a trilateral cooperation, the Joint Marine Seismic Undertaking (JMSU) was the most prominent case in the SCS dispute. JMSU was the tripartite cooperation between China, the Philippines and Vietnam that promoted joint exploration of marine resources in the SCS and agreed to put aside sovereignty dispute among claimants. The background and rationale of this unusual cooperation between three major competitors in the disputed waters have not been widely analysed except few works.\textsuperscript{26} The text of the agreement signed in 2004 between China and

\begin{thebibliography}{99}
\end{thebibliography}
the Philippines was not opened to public.  

On the 1st of September, 2004, China and the Philippines reached an agreement to conduct pre-exploration studies in the Spratlys to identify areas for oil and gas exploration. Both governments granted the approval and their heads witnessed the signing of the agreement between two bodies: China National Offshore Oil Corporation (CNOOC) and the Philippines National Oil Corporation (PNOC). Vietnam initially opposed the plan but later it participated in the cooperation with the representatives from the Vietnam Oil and Gas Corporation (Petrol Vietnam). On the 14th of March, 2005, China, the Philippines and Vietnam signed JMSU at Manila. The official name of the agreement was “The Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea”. Despite of the JMSU’s non-state participants JMSU deserves further attention chiefly for two reasons: firstly, it is the exemplary case that shows the trilateral cooperation in the SCS. Secondly, the all participating actors in JMSU are state-owned corporates that were commissioned in the given cooperation on behalf of their own state.

China–ASEAN relations are centred in the multilateral diplomacy in the SCS. China and ASEAN appeared to embrace their relationship in the context of community spirit. Chinese Foreign Minister Wang Yi in the China–ASEAN Foreign Ministers’ Meeting stated that “China and ASEAN share a common destiny,” and ASEAN foreign ministers stated that “ASEAN and China have built a high level of mutual trust and deepened their partnership” in the past decade. With regard to ASEAN members’ such attitude, a scholar even emphasises that the ASEAN countries in direct dispute with China are being pathologically patient though China prolongs talks on a maritime code of conduct. If they are truly showing their exceptional patience, it is necessary to delve into China’s diplomatic skills, as well as its indisputable power in the region. For example, China–Vietnam and China–Philippines relations have been in turmoil, but these problems were not directly highlighted in meetings between China and ASEAN.

China’s multilateral cooperation in the SCS dispute has been found in various cases, although since the late 2000s this platform has been limited to a role of encouraging the status-quo in the region without effective power. The most prominent case was the Declaration on the Conduct of Parties in the South China Sea (DoC) signed in 2002. There was a backlash after the 1995 Mischief Reef incident and ASEAN members expressed their “serious concern” over China’s behaviour that intimidated the then regime in the SCS exemplified by the ASEAN Declaration on the South China Sea, signed in 1992.

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31 Association of Southeast Asian Nations, “Statement by the ASEAN Foreign Ministers on the Recent Development in the
Minister Qian Qichen declared that China was prepared to hold multilateral discussions on the Spratly Islands and it would not limit its diplomacy to only bilateral talks. It is viewed that China signed the DoC in 2002 and currently engages with ASEAN in line with the Code of Conduct negotiations to prevent isolation from the SCS community and accept multilateralism as a mechanism for crisis management.

Internally, within China, there was also a motivation to stabilise the neighbouring regions as one of the top priorities by a more pragmatic and friendly foreign policy. China’s participation in multilateral cooperation in the SCS appeared on successive platforms after the DoC. The participation supported China’s White Paper stating that China has made a constructive proposal to “shelve disputes and seek joint development”, and to uphold stability in the SCS, and other surrounding areas.

Still, there is a doubt over the effectiveness of those platforms. The DoC, for example, is a merely political document without any legal binding force, thus affecting its effectiveness in practice. Some scholars, even from China, treat the DoC as an empty paper. But the Chinese government cannot simply discard it owing to the benefits that are still effective. China publicly holds a Joint Working Group on the implementation of the DoC and steadily pushes forward consultations on a CoC. The DoC has more practically emerged in the non-traditional issues. In a recent international seminar on the DoC, delegations from each country discussed what specific cooperation should be done in the SCS, such as technological devices against threats of piracy and transnational crime, the engineering maintenance of the shipping channel, etc.53

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35 For example, the Joint Declaration of ASEAN and China on Cooperation in the Field of Non-traditional Security Issues (November 2002), the Treaty of Amity and Cooperation (October 2003), the Memorandum of Understanding between ASEAN and China on Cooperation in the Field of Non-traditional Security Issues (January 2004) and the Joint Marine Seismic Undertaking (JMSU) (March 2005). However, JMSU, the tripartite joint program among China, the Philippines, and Vietnam, was suspended after the completion of the first stage of activities.

36 Information Office of the State Council, China’s Peaceful Development (Beijing: Information Office of the State Council, 2011).


<table>
<thead>
<tr>
<th>Year</th>
<th>Parties Involved</th>
<th>Negotiation Size</th>
<th>Official Document Name</th>
<th>Total Article</th>
<th>No. of Specific Articles</th>
<th>No. of Articles with Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>China, Philippines</td>
<td>Bilateral</td>
<td>Joint Statement, Republic of the Philippines-PRC Consultations on the South China Sea and on other Areas of Cooperation</td>
<td>8</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2002</td>
<td>China, ASEAN</td>
<td>Medium Multilateral</td>
<td>Declaration on the Conduct of Parties in the South China Sea</td>
<td>10</td>
<td>3</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 2. Specificity in Chinese negotiations with the SCS claimants

**Patterns: Coercive Diplomacy**

Meanwhile, similar criticism was levelled against China in 1974, 1995 and is even today. After the occupation of the Paracel Islands by China in 1974, a report condemned China saying that the occupation was not “the behaviour of a country which insists that it will never behave like a super power”, and in 1995, China was criticised due to its “occupying of Mischief reef, renewing anxieties and fears of conflict in the South China Sea”.40 These criticisms are similar to the uproar against China at this moment.

China’s diplomacy is supported and strengthened by its economic and physical power in the region. One of cases where China utilised its economic leverage in the SCS resulted in the Philippines. The Philippines had to suffer a drastic financial decrease in its tourism and export businesses when the conflict between China worsened surrounding the Scarborough Shoal in 2012.41 China is further militarily willing to show its power against small forces of littoral states, and even to the US as shown in its confrontation against a US survey ship in 2001, an EP-3 surveillance plane incident in the same year and the Impeccable incident in 2009. In order to nullify China’s island reclamation and support the freedom of navigation principle, the US naval ships entered the 12 nm of territorial sea of Chinese claimed islands in the SCS three times since October 2015. The spiral of troubles has

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further increased the possibility of risky face-off in the disputed waters with Chinese forces’ full attention.42

A careful diplomatic decision, however, is required before China exerts any type of physical leverage, and a study on China’s “one-plus strategy” suggests China’s principles considered before it shows forceful behaviour. You Ji holds the view that China has been conducting a one-plus strategy as an effective crisis management strategy in the East China Sea and SCS since Xi Jinping came into power. He further argues that the one-plus strategy limits its physical power to a reactive and passive one and allows limited military power that would not cause further armed conflict.43 The interdependent economy in Southeast Asia also contains the danger of forceful behaviour, as Assistant Secretary of the US Department of State Daniel Russel pointed out, because the regional economy is too important and too fragile for any country or any claimant to use the threat of military force or paramilitary force in retaliation, for intimidation, or as a coercive effort.44 Interestingly, the Singapore Prime Minister Lee Hsien Loong shows his belief in China as a peaceful power avoiding the use of might,45 though there was not such belief in Singapore when the former Prime Minister Goh Chok Tong stated right after the Mischief incident that it was important to express an underlying sense of discomfort, even insecurity, about the political and military ambitions of China.46

China continues to pursue a long-term, comprehensive military modernisation programme, meanwhile it remains committed to stable relationships with neighbours to strengthen a favourable external environment.47 China is conducting the annual military training of the People’s Liberation Army Navy (PLAN) “Maneuver 5” exercise to test open-sea mobile combat tactics, command and control capabilities and combat effectiveness of equipment. Three major fleets of the PLAN participate in this exercise in the West Pacific.48 According to the US Department of Defense Annual Report, the exercise is carried in the Philippine Sea and it is the largest PLAN open-ocean exercise seen to date. Further, China conducted the three-part Mission Action series of joint military exercises in 2013. These exercises combined PLA ground, navy and air forces in large-scale manoeuvres along China’s southern and southeastern coasts.49 Chinese submarines, among other weapon systems, are expected soon to be a larger underwater force than that of the US, and their diesel design could be used to create mobile minefields in the SCS. The SCS has uneven depths, high levels of background noise, strong currents and shifting thermal

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46 Nicholas Cumming-Bruce, “Beijing Makes More Mischief.”
49 Office of the Secretary of Defense, Annual Report to Congress, i.
layers, which would make detecting Chinese submarines very difficult.\textsuperscript{50}

China’s all-out effort expanding its resources and supplies in defence of the SCS could be found when Xi Jinping made a visit to a fishing village in Hainan to assure fishermen that the government would do more to protect them when they were in disputed waters.\textsuperscript{51} An integrated strategy has key elements of diplomatic and psychological warfare, and throughout its history of communist victories, Chinese political thought internalised those elements.\textsuperscript{52}

**China’s Claim in the South China Sea: The Bottom Line**

Few sources indicate China’s bottom line, in other words, the minimum claim that China would accept in the SCS dispute. According to the deputy director of the China Institute for Marine Affairs, regardless of the type of maritime features in the SCS, China’s sovereignty over these features should be foremost recognised.\textsuperscript{53} The question on the definition of these features, for example if they are island, reef or low-tide elevation, is following afterwards when the sovereignty issue is agreed upon clearly. His opinion shows that China’s most significant concern and interest are neither sort of waters such as territorial sea and EEZ, nor maritime resources in the form of continental shelf and subsoil but the sovereignty issue. Further it is supported that in 1994 the then Chinese President Jiang Zemin stated that China only claimed the islets and their adjacent waters (12 nm) within the dotted lines, not all the waters in the lines.\textsuperscript{54}

China’s official delineation of its claim, of course, does not adhere to the bottom line. As stated in the Note Verbale submitted to the UN in 2009 (italics added):

\begin{quote}
China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof.\textsuperscript{55}
\end{quote}


\textsuperscript{55} Permanent Mission of the People’s Republic of China, Notes Verbales CML/17/2009 and CML/18/2009, May 7, 2009, available from the UN Division for Ocean Affairs and the Law of the Sea (DOALOS) at:
In 1950s, before the concept of EEZ and continental shelf was introduced, China claimed its sovereignty over only “islands” and did not claim the maritime area within the dashed line. However, in 2009 Note Verbales, China claims its sovereignty and jurisdiction over not only the islands, but also the “adjacent waters”, the “relevant waters” and the “seabed and subsoil thereof”. A report from the US Government suggests that the “adjacent waters” be the 12-nm territorial sea, and the “relevant waters” be the EEZ and the “seabed and subsoil thereof” refer the continental shelf. It is not clear why China does not proactively borrow the terminology from UNCLOS. From Chinese perspective, UNCLOS (or any other international norms) is not expected to tell China “what to do”. On contrary, Chinese intention is to utilise the law in order to justify and support its activities when those activities have international effects.

The ambiguity in the Chinese claim in the SCS increases when it comes to the so-called nine-dashed line. The US report answers this question by arguing that “China has not actually made a cognizable claim to either ‘historic waters’ or ‘historic rights’ to the waters of the South China Sea within the dashed line.” The ambiguity of the interpretation on the SCS has been further pointed out by Chinese scholars including Xue Li from Chinese Academy of Social Sciences. Xue argues that China should clarify the meaning of nine-dash line in order to draw a favourable effect on the tribunal initiated by the Philippines in 2013. Xue’s argument is very different from that of other Chinese scholars’. For instance, Guifang argues that the whole waters within the line are neither international waters, nor territorial waters, nor high seas, but waters with an historical attachment that UNCLOS does not define. As Xue Li proves, however, not all Chinese scholars would agree with the idea that the nine-dashed line is completely beyond UNCLOS and its application.

However, the bottom line of its claim could be different from the ‘underlying interests’. In the following section of the paper, the hypothetically grouped analyses on China’s underlying interests in the SCS are discussed.

**China’s Interests in the South China Sea: The Underlying Causes**

A news report issued after the Mischief Reef incident in 1995 stated that “analysts wonder whether China’s main interest is the vast oil resources beneath the shoals or control of a strategic regional nerve centre. Neither, they conclude, is reassuring.” The genuine concern of China over the SCS was in doubt and controversial, though it is a significant variable in analysing China’s behaviour in the region.


57 Ibid.

58 Ibid.


In this section, China’s strategic interests in the SCS are elaborated in a consideration of each important element: economic interest, historic rights, regional supremacy, core interest discourse and non-traditional security.

**Economic Interests**

The economic value of the SCS is divided into buried natural energy resources, trading and sea lines of communications (SLOC), tourism, the fishing industry and other economic activities. Possession of the islands is the precondition to obtain benefits from them. An island where human life cannot be sustained can still have a territorial sea, while a big island that can maintain economic life can obtain an Exclusive Economic Zone (EEZ). The islands have only negligible physical value in themselves; however, countries owning those islands will be entitled to enormous wealth from the sea, and the islands could be the basis for claiming a large sea area as either territorial sea or EEZ, including the seabed beneath.

There is no doubt that oil is one of the significant economic resources in the SCS, but their clout with regards to China’s strategic interest needs to be critically reviewed. China’s oil consumption will continue growing through 2014 to approximately 11.1 million barrels per day, and the oil production in domestic land and offshore oil fields was 4.5 million barrels per day in 2013. As of January 2014, China holds 24.4 billion barrels of proven oil reserves, and China’s yearly consumption will reach 4 billion barrels. China imported 6.2 million barrels per day in 2013 because of the limited oil exploitation and supply, and the import has been increasing after China became a net importer in 1993. Therefore, oil is considered to be a potential strategic vulnerability as China’s dependence on imports is growing. Meanwhile, oil makes up 20 percent of the country’s energy requirements,
when coal is the major energy source in China, taking 69 percent of total consumption. China has been a net coal importer since 2009, but coal imports do not constitute a significant portion of the whole coal consumption.69

The Chinese have hoped for an oil boom for long time since economic development became the national goal in the Reform and Opening Up era, so it is not a new phenomenon that China has focused on exploiting maritime energy resources.70 According to Chinese law, domestic companies have a right to cooperate with foreign enterprises in offshore petroleum exploration and exploitation, further, the China National Offshore Oil Corporation (CNOOC), for example, is under which the subsidiary has to bear all the exploration risks.71 When it has not had suitable technology, China has cooperated with overseas corporations since the 1980s.72 By May 2006, CNOOC had signed 172 contracts with 75 oil companies worldwide to build 23 gas and oil fields, which accounted for 65 percent of the country’s total oil and gas production.73 China has also developed an independent oil field in which CNOOC holds a 100 percent interest as a sole operator.74 The major concern regarding the oil resources in the SCS is the profitability of the possible oil fields in the SCS other than the Pearl River Mouth Basin. The same concern could also apply to other types of natural resources buried in the overall disputed waters.

There are counterarguments from some scholars who question the economic motives generated by energy resources behind China’s diplomacy. You Ji dismisses the belief that the East China Sea and SCS resources have motivated Beijing to up the ante in the dispute, due to the extraction and transportation costs as well as the low commercial value.75 Further, Beijing inherited the ‘nine-dotted line’ in the SCS from the pre-PRC regimes long before potential energy reserves in the region attracted local and foreign oil companies.76 Yan Xuetong also argues that the value of natural resources have decreased greatly as a catalyst for creating national prosperity, whereas science and technology have appreciated more.77 Their arguments raise a question regarding the


69 U.S. EIA, “China.”
72 Rod Chapman, “Cluff Oil Signs for South China Sea,” The Guardian, September 6, 1983, 25. However, not all of cooperative explorations were successful. In January 1984, BP abandoned its exploration well in the SCS after finding only limited amounts of oil which indicated less possibility of a commercial discovery. See Rod Chapman, “BP Abandons.” China, at that time, conducted geophysical survey at the SCS together with the US and obtained samples from the seabed and produced data on geological conditions in the SCS. Beijing Xinhua, “PRC Begin Geophysical Surveys in South China Sea,” September 21, 1980 in Foreign Broadcast Information Service–China (FBIS-China), September 26, 1980.
73 “CNOOC to Kick off,” Xinhua.
75 Ji You, “Deciphering Beijing’s Maritime Security Policy”. The ‘nine-dotted line’ is referred to by other similar names, including the “nine-dash line,” “dotted line,” “cow’s tongue,” and “U-shaped line.” A recent report issued by the US Department of State points out the inconsistency between the dashed line maps published by Chinese authorities in different years. According the report, the dashes also became closer to the coasts of littoral states in recent years. Bureau of Oceans and International Environmental and Scientific Affairs, United States Department of State, Limits in the Seas - China: Maritime Claims in the South China Sea, No. 143, December 5, 2014.
77 Xuetong Yan, Lishide Guanxing, 117.
understanding of maritime disputes from the economic point of view. Bill Hayton, further, argues that the SCS is not particularly rich in oil and gas resources, while other frequently cited beliefs surrounding the SCS dispute are also controversial.\textsuperscript{78} It would make better sense to buy the crude oil from the international market, if the exploitable resources buried under the Spratly Islands are not profitable in terms of exploration, exploitation, transport, and even diplomatic costs.\textsuperscript{79}

\textit{Historic Rights}

The historical argument is currently considered the ultimate rationale in China’s claim over its sovereignty of the islands and waters in the SCS. Many Chinese scholars argue for China’s thorough sovereignty in the SCS with various evidences such as legal and historical explanation.\textsuperscript{80} The Chinese Foreign Minister Wang Yi suggested the “Four Respects” to guide the SCS dispute in September 2014 which gave the top priority to historical perception, followed by international laws, direct dialogue and the role of external actors. He said the dispute is a matter left over by history.\textsuperscript{81} The actual function of history, for the Chinese, lies in its offerings to myth-making, and the Chinese are particularly noted for their use of traditions in the present.\textsuperscript{82} As far as China’s history explains some of its ancestors’ activities in the SCS, the region is deemed to be the descendants “arms and legs” that they never want to cut off, as Chinese Admiral Wu Shengli metaphorically mentioned.\textsuperscript{83}

The nine-dotted line constitutes the central part of the historical argument. China has endorsed the line through un/official routes. The original line first appeared on a Chinese map in 1914 by the Chinese cartographer Hu Jinjie.\textsuperscript{84} The map published by the national government in 1947 was composed of 11 dashes entitled “Locations of the South China Sea Islands.”\textsuperscript{85} In 1948, the government declared its sovereignty and rights of maritime resources over the islands and reefs within the line. The line was recognised by the PRC after its establishment in 1949.\textsuperscript{86} Later, in 1953, the PRC government took out two dashes in the Gulf of Tonkin,\textsuperscript{87} and the current nine-dotted line was set down. The littoral states and international community, according to the Chinese point of view, were in a tacit understanding before the 1970s that China had sovereignty over the SCS and they did not raise any

\textsuperscript{78} Bill Hayton, \textit{The South China Sea: The Struggle for Power in Asia} (New Haven, CT: Yale University Press, 2014), xvi.
\textsuperscript{81} “Chinese FM calls for respecting 4 principles on South China Sea issue,” China Central Television.
\textsuperscript{82} Gungwu Wang, \textit{To Act Is to Know: Chinese Dilemmas}. (Singapore: Eastern Universities Press, 2003), vi.
\textsuperscript{83} Whilliam Choong, “Mistrust Hurts Naval Cooperation in Region,” \textit{The Straits Times}, 27 May 2011.
objections.\textsuperscript{88} The Chinese argument based on the historical point of view is not acceptable in the United Nations Convention on the Law of the Sea (UNCLOS) paradigm\textsuperscript{89}; meanwhile, the root of the argument could be found in its irredentist policy pursued at the moment of the establishment of the PRC. China’s first Premier, Zhou Enlai, argued in his 1951 statement on the US-British draft peace treaty with Japan and the San Francisco Conference that the Pratas, Paracel, and Spratly islands were originally Chinese territory for which China’s inviolable sovereignty applied, and that even though they had been occupied by Japanese imperialists, China had regained them when Japan surrendered.\textsuperscript{90} The Chinese claim in the SCS was visualised as the nine-dotted line; however, this line had been legally questioned after the formation of UNCLOS and attracted discussion on its legal status. Xue, on the contrary, argues that the waters within the nine-dotted line are neither international waters, nor territorial waters, nor high seas, but waters with an historical attachment that UNCLOS does not define in its articles.\textsuperscript{91} The Chinese attitude towards UNCLOS could be seen as Chinese exceptionalism to some extent. The use of history, according to Feng Zhang, is an example of Chinese exceptionalism to discursively counter structural pressures from the international system.\textsuperscript{92}

Domestic support is well mobilised towards the historical argument in China. The Chinese government did not do enough to rein in China’s nationalists until it seemed to harm Beijing’s larger goals.\textsuperscript{93} China basically controlled on/offline nationalistic demonstrations to prevent the strong public sentiment from encroaching on the realm of decision makers and worsening the relationships with neighbouring countries. However, this perception towards the nationalistic opinion changed as the Chinese, “who are realists in essence”,\textsuperscript{94} felt the elevation of its status and China’s relative power in the world during the 2008–2009 global financial crisis.\textsuperscript{95} Previously, Chinese leaders had sought a two-pronged policy that supported top-down patriotic nationalism and prevented bottom-up nationalism, but popular nationalism has enjoyed more generosity from the Chinese government from the late

\textsuperscript{88} “Vietnam Severely Violates China’s Sovereignty,” China Ocean News.
\textsuperscript{89} Bureau of Oceans and International Environmental and Scientific Affairs, United States Department of State, \textit{Limits in the Seas - China: Maritime Claims in the South China Sea}, No. 143, December 5, 2014.
\textsuperscript{90} Ministry of Foreign Affairs of the People’s Republic of China, \textit{Zhou Enlai Waijiao Wenxuan (Selected Diplomatic Documents of Zhou Enlai)} (Beijing: Zhongyang Wenxian Chubanshe, 1990).
\textsuperscript{91} Guifang Xue, “Deep Danger: Intensified Competition in the South China Sea and Implications for China,” in \textit{Maritime Security Issues in the South China Sea and the Arctic: Sharpened Competition or Collaboration?}, eds. Gordon Houlden and Nong Hong (Beijing: China Democracy and Legal System Publishing House, 2012): 262. UNCLOS Article 15 states that if “it is necessary by reason of historic title”, either of the two neighbouring/opposite states can “extend its territorial sea beyond the median line” “equidistant from the nearest points on the baselines”. However, this article is only applied to the territorial sea and cannot support China’s historic claim beyond its territorial sea which extends 12-nm from the baseline.
The Chinese historical argument is well confronted by many scholars. Bill Hayton, for example, argues that China traditionally governed men, not a space, and suggests the existence of maritime nomad (Nusantao) and an anthropological research on the formation of the SCS culture, writing that “there’s no archaeological evidence that any Chinese ships made trading voyages across the SCS until the tenth century CE”. The research on the history of other littoral states also challenges China’s position. In response to these counterarguments, Chinese governmental bodies conducted underwater archaeological surveys to salvage relics and draw a map pointing out sites. China’s geographical survey and mapping also aims to clarify the specific locations of the nine-dotted line by setting their longitudes and latitudes.

Core Interests

The core interests were mentioned by the then Chinese State Councilor Dai Bingguo in China – US Strategic and Economic Dialogue in July 2009. He stated the necessity of the core interests as a principle of China–US relations, saying that “ensuring the long-term healthy and stable development of Sino-US relations, it is important to (pursue) a mutual understanding, respect each other support, to protect their core interests.” He implied that the US must have its critical interests as China does, and China–US relations would be enhanced if the parties recognise and respect each other’s core interests. Later on, China’s core interests were perceived as a political justification allowing its aggressiveness towards neighbouring countries, and the expectation on China’s amicable diplomacy in the SCS drastically decreased as China associated its core interest to the SCS in the late 2000s.

An analysis divides China’s approach towards the border and maritime territorial disputes into three different phases based on the transformation in China’s strategic interests: China prioritised “security” considerations before the 1970s, then “regional stability” in the era of Reform and Opening Up. China, after 2009, demonstrated “core interest” as its priority in the border and maritime disputes while still protecting “regional stability” in a

96 Suisheng Zhao, “Foreign Policy Implications”.
97 Bill Hayton, The South China Sea, 11; “The South China Sea has been shared, never owned by one power,” South China Morning Post, June 7, 2016.
balanced diplomacy. A tautological error, however, could occur in the argument that the SCS is important to China because it is a core interest. An elaboration on the actual value in the SCS could support the argument by providing the linkage and correlation between the interest and its significance to the core interests of China.

Regional Supremacy

The perspective from regional supremacy suggests that the SCS possesses a strategic value that China should protect as a rising power in the current order. This perspective views the competition between China and the US as the major variable worsening the SCS dispute, and the SCS issue has gone beyond territorial claims and access to energy resources because the region has become a focal point for China-US rivalry in the Western Pacific. Xi Jinping has accordingly mentioned that the US should let Asia’s security be handled by Asians at the Conference on Interaction and Confidence Building Measures in Asia (CICA), a security forum initiated by China. The Chinese University of International Relations has published a report pointing out that the US advocated the reinforcement of the “China Threat” theory and military build-up in Japan, the Philippines and Vietnam. The report claims, in the same context, that an external power has strengthened its intervention in maritime and territorial disputes in the East China Sea and SCS.

The US publicly recognises that it does not have a direct interest in the SCS and maintains its principal position of freedom of navigation. Similarly, Chinese also support the idea that each country’s navigational and flight freedom in the SCS under the international law should be fully guaranteed as freedom of navigation in the SCS is already closely associated with robust economic growth in the Asia-Pacific region. The main concern for the Chinese is that the US has a different purpose in promoting the freedom of the navigation principle. In the Chinese perspective, what the US wants to highlight is its leading position by making an excuse.

Yan Xuetong adds to the literature by writing that what China pursues in the SCS is the initiative in the region. He analyses that the international security environment became unfavourable to China when the then US Secretary of State, Hillary Clinton, declared America’s return to Asia in the 2009 ASEAN Regional Forum, which realised the US strategic rebalance. The change is one of the considerations redirecting Chinese foreign policy, and China has started scrambling for the leadership in the region. Yan’s interpretation explains the motivation behind China’s aggressive attitude in the SCS since 2009. In this rivalry game, China’s rise cannot mutually exist with

104 Leszek Buszynski, “The South China Sea,” 139.
107 Chun Yao, “China Vows to Make South China Sea Safe,” Xinhua.
109 Xuetong Yan, Lishide Guanxing, 58-59.
the long-established American positions throughout Asia, as Robert Jervis has identified in the security dilemma.\textsuperscript{110}

The geographical feature of the SCS can support this point of view. According to Yoshihara and Holmes the SCS is equipped with geographical elements that other historical powers enjoyed in their most prosperous times. The US, for example, aimed at securing strategically important waters, for example, the Caribbean Sea and Panama Canal, from the maritime hegemony of Europe to consolidate a dominant position. However, the US did not have any other goals than this strategic purpose. If China is trying to achieve a dominant position over the SCS and Strait of Malacca for a strategic reason, then the current disturbance in the SCS could be viewed as a natural process as similarly observed when the hegemony moved from Western Europe to the US.\textsuperscript{111} However, the SCS still has its peculiar geographical features of various straits which could be used to enter into it. This feature creates an environment where monopoly on transportation control and management is difficult, which could affect China’s strategy in the SCS.\textsuperscript{112} A Chinese scholar also suggested that China need to explore alternative transportation routes through the Sunda and Lombok straits.\textsuperscript{113}

\textit{Non-Traditional Security}

Chinese concerns on non-traditional security are another factor that brings its footprint in the SCS. Addressing non-traditional security issues is relevant to regional economies, and non-traditional threats will cause serious damage to the global trade if they cannot be resolved in a timely manner. The US Defense Department report recognises that China’s military modernisation has become increasingly focused on a range of missions beyond China’s coast, including sea lane security, counterpiracy, peacekeeping and humanitarian assistance/disaster relief. The idea of multilateral cooperation is perceived among scholars because such non-traditional threats are vulnerable but have a far-reaching influence on all relevant parties. China, therefore, needs to embrace multilateral dialogues with the concerned parties to counter piracy incidents, and in order to overcome misunderstandings on the security issues. Non-traditional security is an important part of China’s interest in the SCS, but it is mainly discussed in cooperative and multilateral interactions while other sensitive issues such as historic rights and regional supremacy bring difficult tasks in diplomacy.

\textsuperscript{111} Toshi Yoshihara and James R. Holmes, “Can China Defend a ‘Core Interest’ in the South China Sea?,” \textit{The Washington Quarterly} 34, no. 2 (Spring 2011).
\textsuperscript{113} Hongtu Zhao, “Maliujia Kunju Yu Zhongguo Nengyuan Anquan Zaisikao” (Malacca Dilemma and Rethinking on China’s Energy Security), \textit{Xiandai Guoji Guanxi} 6 (2007): 36-42.
Conclusion

This paper suggests that China’s diplomacy towards the SCS dispute be analysed from the perspective on Chinese expectation on diplomacy and also the diplomatic records found in the bilateral, trilateral and multilateral negotiations between China and other claimants. The bottom line of Chinese claim in the SCS and the maximum goal of negotiation have been presented without clear differentiation in negotiations where China was involved. The effective negotiation requires better understanding on an actor’s negotiating behaviour and claim, however, the situation in the SCS dispute does not seem to contain positive conditions for effective negotiation through diplomatic interactions.

China’s strategic interests, in other words the underlying interests of China in the SCS, are not clearly ordered in priority and seemingly changing over time. Summing up the findings, the interest for which China aims at achieving in the SCS is rhetorically wrapped with historical concerns that it inherited nationalistic justification from its founding fathers’ irredentist policy. Furthermore, the SCS holds strategic significance as a battle ground for the regional supremacy as well as a touchstone of testing China’s capability in maintaining the regional stability. This paper also delineates that China has sought multi-pronged diplomacy, stretching extremes in various platforms to prevent any encroachment into the SCS. China’s overwhelming capability in economic and military power compared to that of other coastal states has facilitated it to expand its diplomatic manoeuvres.

In conclusion, China has maintained its territorial claim throughout its engagement in various diplomatic interactions, meanwhile participated in bilateral, trilateral and multilateral negotiations for specific interests when required. At this moment, the discussion on the size of negotiation – bilateral or multilateral – in the SCS has been deeply associated with the issue of Chinese preference. It is repetitively proved in official Chinese sources that China endorses discussion between ‘parties directly concerned in the bilateral manner’. This paper has attempted to approach the issue of ‘bilateralism or multilateralism’ from the negotiating agenda and the specificity of agreement. Future research can extend this discussion by answering the following questions: Does the size of negotiation matter in terms of effectiveness? If the level of effectiveness can be quantified, what other variables could be measured? Answering these questions by maintaining neutrality in methodology will further enhance our objective understanding on China’s diplomacy.

(6,713 words)

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