# Control Through Cooperation? Assessing China's Economic and Military-Strategic Interests in the South China Sea

*Maximilian Ernst*


## Structured Abstract

Article Type: General Review

*Purpose*—China's assertive policy toward the South China Sea (SCS) is commonly explained as a function of Beijing's objective to control shipping lanes and resources (fish, hydrocarbons), and to cater to nationalist sentiments. Some publications also point to the alternative explanation of China's military-strategic interests. By analyzing Beijing's SCS policy, including aggressive action but also offers of cooperation, this article determines which explanation is adequate.

*Findings*—China not only coerces SCS littoral states, but also offers cooperation in maritime security and joint resource exploration. As the example of the Philippines demonstrates, these offers are predicated on littoral states' unequivocal acceptance of illegal Chinese territorial claims. Beijing views joint resource exploration as means to the end of physical control over SCS maritime territory, supporting its military-strategic interests. If the littoral state accepts China's territorial claims, it is granted access to resources within its EEZ or may develop said resources jointly with China.

*Practical Implications*—Asia-Pacific states should reconsider their SCS policies, accounting for the fact that China's ultimate objective is not control over commercial shipping lanes and resources, but the deployment of military assets on SCS maritime territory to support A2/AD and further military-strategic objectives.

*Originality/Value*—The analysis of Beijing's SCS policy demonstrates the limitations


*Vrije Universiteit Brussel: Maximilian.Ernst@vub.be*

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of the common economic security explanation and corroborates the alternative, traditional security explanation in the literature.

Keywords: Chinese foreign policy, security policy, Sino-American strategic competition, South China Sea, traditional security

## I. Introduction

China's assertive policy toward the South China Sea (SCS) is among the most salient challenges in contemporary security politics. Particularly China's illegal territorial claims, artificial island building, and militarization of the SCS have the potential to significantly destabilize regional security, which is only exacerbated by the emerging Sino-American strategic competition. Against this background, it remains unclear why Beijing engages in such assertive, even aggressive, actions at the detriment of littoral states, risking further regional conflict and SCS littoral states plausibly organizing against China.[1] The common explanation for Chinese assertive actions in the SCS relates to its economic interests, specifically control over shipping lanes and access to hydrocarbons and fish resources.[2] Economic or so-called nontraditional security certainly informs Chinese foreign policy, but falls short in explaining China's aggressive actions and violation of international law in the SCS. Notably, the economic security explanation omits the fact that China has repeatedly extended offers to cooperate on maritime security and to jointly develop SCS resources. If control over commercial shipping lanes and resources were so important to China—so important that it would risk the escalation of a regional conflict—why then does Beijing offer to share these resources? There is also the argument that domestic nationalism forces the Chinese leadership to defend territorial claims, lawful or not, and that assertive actions in the SCS gain the CCP legitimacy to rule.[3] This explanation is often given alongside the above-mentioned economic security factors as an additional contributing variable.

Some studies point to the importance of the military-strategic component as the driving force behind China's behavior in the SCS.[4] This line of argument follows a traditional conceptualization of security. Although this argument also neglects China's offers of cooperation and joint resource development, it at least does not constitute an inherent contradiction, as is the case for the more common economic security explanation. The present study corroborates the alternative traditional security argument by demonstrating that non-traditional economic security interests and the need to cater to domestic nationalism cannot possibly be the main driver for Chinese actions in the SCS. After all, China has, repeatedly over the past two decades, offered littoral states to cooperate in maritime security and to jointly explore and develop resources in the SCS. But such offers to cooperate have a catch: China requires the littoral state to accept its illegal territorial claims. Building on the traditional security argument, it is proposed that Beijing's offers of cooperation are not an end, but a means of incentivizing littoral states to accept China's unlawful territorial claims, serving the end of China's strategic control of the entire SCS—which is, from China's perspective, a strategic necessity to prevail in the great power competition with the United States.

The remainder of this article is structured as follows. Section II briefly introduces the phenomenon of China's aggressive behavior in the context of SCS territorial disputes.

Section III provides an overview of the common explanation for China's actions in the SCS, namely its alleged desire to exclusively control shipping lanes, unilaterally explore hydrocarbon and fish resources, and for the CCP to cater to nationalist sentiments at home and gain legitimacy. Section IV presents the alternative explanation of China's military-strategic interests to be the driver for Chinese actions in the SCS, specifically its plans to develop Anti-Access Area Denial (A2/AD) capabilities, to provide a safe bastion for its nuclear-powered ballistic missile submarine (SSBN) fleet, and to develop the SCS as a secure perimeter for its space program operating out of Wenchang on Hainan. Section V corroborates the alternative argument by demonstrating, through an empirical analysis of Chinese policy toward the Philippines and ASEAN, that Beijing is willing to share control of the SCS and its resources. Section VI synthesizes the analytical part with the review of the literature in earlier sections to present the argument that China's offers to cooperate and jointly explore resources are a means to the end of securing military-strategic control of the SCS. Based on this, the economic security explanation can be refuted. The article concludes with a summary of findings, points to limitations as well as avenues for future research, and discusses policy implications.

## II. The Phenomenon: South China Sea Territorial Disputes and China's Assertive Actions Toward Littoral States

The SCS has witnessed numerous territorial disputes over the past decades which have, on numerous occasions, erupted into hostilities between claimants.[5] Especially violent examples are clashes between the Vietnamese and Chinese militaries over the Paracel Islands in January 1974[6] and again with Vietnam over Johnson South Reef of the Spratly Islands in March 1988.[7] Between 1994 and 1995, China's occupation of Mischief Reef, which is in the Eastern Spratlys within the Philippine Exclusive Economic Zone (EEZ), and the building of military observation posts on it, had also resulted in the confrontation of Philippine and Chinese ships on several occasions.[8] Absent such occasional high-intensity crises, of which there are plenty, SCS disputes still complicate diplomacy and deteriorate regional security. The relationship between SCS littoral states and China is especially and profoundly impacted by these territorial disputes. It is beyond the scope of this article to provide a detailed review of the legal claims, pertaining laws, and court decisions.[9] Hence, a short overview will have to suffice.

Besides China, other claimants of SCS maritime territory are the Philippines, Vietnam, Malaysia, Indonesia, Brunei, and Taiwan. Many parties have conflicting claims, and some have had disputes with one another. But China's role in these disputes is preeminent because it is the claimant with the most developed military capabilities, claiming almost the entirety of the SCS—per its 9-Dash Line—whereas other parties only claim parts of the SCS.[10] ASEAN members have by now harmonized their claims with UNCLOS, so that there exist, in principle, no major disputes among all other SCS littoral states (see Map 1).[11] In addition, China has built artificial islands and deployed military infrastructure on natural and artificial islands inside disputed waters, thus creating facts on the ground.[12] China's artificial island building and subsequent militarization thereof has been ruled illegal

by the Permanent Court of Arbitration (PCA) in June 2016. China's appeal to what it calls "historic rights" (through its 9-Dash Line) was judged to have no legal weight; none of China's land holdings are considered "islands" under the United Nations Convention on the Law of the Sea (UNCLOS) criteria, and therefore don't generate EEZ entitlement.[13] Nevertheless, Beijing continues to disregard the PCA ruling and asserts physical control of SCS maritime territory.

The year 2012 saw intense exchanges between the Philippines and China over the Scarborough Shoal. In April 2012, the two countries were on the brink of armed conflict,


**Map 1: Territorial Claims in the South China Sea. Source: Voice of America, "Territorial Claims in the South China Sea," *VOA*, July 30, 2012, https://blogs.voanews.com/state-department-news/2012/07/31/challenging-beijing-in-the-south-china-sea/, *accessed May 5, 2022*. (Public domain; edited by author.)**

both dispatching naval vessels to the shoal. China was able to gain control over the shoal through the deployment of hundreds of ships belonging to its maritime militia and coast guard in addition to a few PLA Navy (PLAN) vessels. China continues to control the shoal to this day.[14] In an attempt to compel the Aquino Benigno III administration (2010–2016) to accept its territorial claims, China also imposed restrictions on banana imports and curbed the number of Chinese tourists, resulting in considerable economic hardship to the Philippines.[15]

It should be noted that this review article is written in the academic discipline of international security and strategic studies. The objective is not to analyze the legality of Chinese actions, but to explain why China acts the way it does. China's actions in the SCS have already been ruled unlawful under UNCLOS by the PCA in the Hague in 2016 after a case was brought against China by the Philippines. But Beijing has made it clear from the beginning that it does not recognize the court's jurisdiction over SCS territorial disputes and continues to claim maritime territory through its 9-Dash Line, thereby violating other SCS littoral states' EEZ. This article operates based on the realization that China disregards international law, including treaties and conventions it has ratified. The article seeks to understand what drives Chinese actions in the SCS, specifically whether economic or military security interests are the main drivers for Chinese actions. Importantly, this article's analysis of China's strategic considerations is not to be understood as an endorsement of China's actions.

## III. Common Explanation: Control Over Shipping Lanes, Access to Resources, Nationalism

The common explanation for Beijing's assertive policy toward SCS littoral states is based on China's economic interests.[16] These economic interests can be divided into three subcategories, namely (1) control over commercial shipping lanes, (2) access to hydrocarbons (oil, gas), and (3) access to fish resources. There is also the argument that links Chinese assertive policy to nationalism and the CCP's ambition to gain legitimacy at home through appearing strong on international politics. Notably, many scholarly and journalistic accounts arguing in favor of these economic and nationalist variables treat them inclusively and acknowledge all four dimensions, merely diverging over their hierarchy of importance.

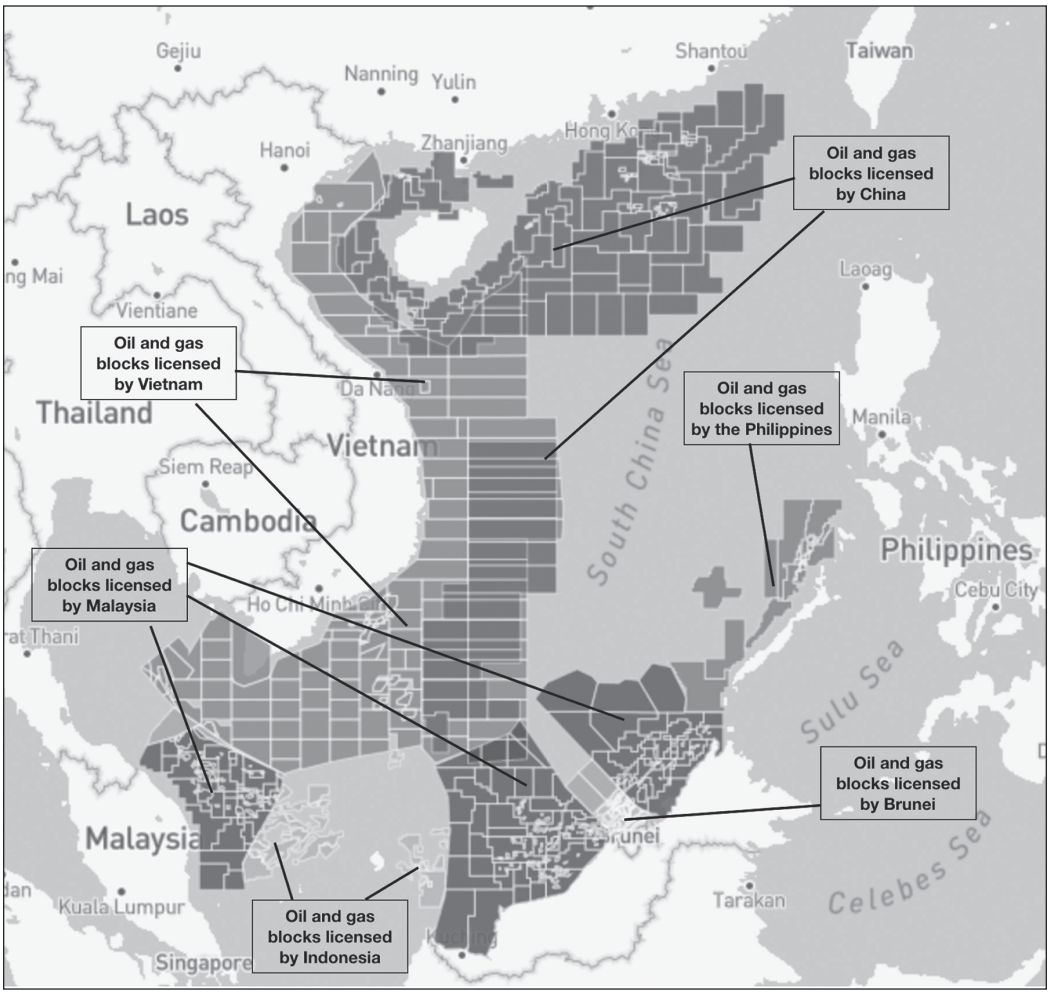
### *3.1 Control Over SCS Commercial Shipping Routes*

The SCS carries about 21% of global trade. Importantly, about 40% of China's international trade in goods passes through the SCS.[17] The SCS is critical also in terms of energy security; about 50% of global oil tanker shipments pass through it.[18] Moreover, 70% of China's electricity is generated from fossil fuels,[19] 80% of which pass through the SCS.[20] Taken together, the SCS carries three times as much commercial shipping as the Suez Canal and five times as much as the Panama Canal.[21] The problem for China inheres in the maritime geography of the SCS,[22] which is vulnerable to peace-time interruptions caused by natural or man-made disasters as well as to blockage by a military adversary during regional conflict.[23] The maritime chokepoints of the SCS are especially important in this regard, namely

the Sunda Strait, the Lombok Strait and, most prominently, the Malacca Strait.[24] From Beijing's perspective, the U.S. Navy and Air Force, with their ability to control and blockade these maritime chokepoints, hold a dagger to China's throat, allowing them to interrupt China's energy imports and trade flows at any given time. Besides being home to some of China's harbors, the SCS is the main transit between the Indian and the Pacific Oceans, and disruption through natural disaster, blockade, or military escalation would lead to increased shipping costs and global supply chain interruptions.

### *3.2 Access to Hydrocarbons (oil, gas)*

Proven and probable reserves of hydrocarbons in the SCS are estimated at around 190 trillion cubic feet of natural gas and 11 billion barrels of oil. Additional undiscovered




**Map 2: Oil and Gas Exploration in the South China Sea Source: Asia Maritime Transparency Initiative, "South China Sea Energy Exploration and Development," *CSIS*, n.d., https://amti.csis.org/south-china-sea-energy-exploration-and-development/, accessed May 5, 2022; edited by the author.**

resources could amount to another 160 trillion cubic feet of natural gas and 12 billion barrels of oil.[25] Although this may sound like a lot, the estimated exploitable oil resources, for example, would merely cover one year of China's oil consumption.[26] The largest reserves of oil and natural gas have been discovered under the SCS floor north of Borneo (within the EEZs of Malaysia, Indonesia, and Brunei), east of the Malay Peninsula (within the EEZs of Malaysia and Indonesia), and northwest of Palawan (within the EEZ of the Philippines).[27]

### *3.3 Fish Resources*

Thanks to the inflow of nutrient-laden waters from land, SCS marine life is rich and accounts for about 10% of global fish stocks. It holds at least 3,365 marine species, the most abundant being tuna, mackerel, croaker, anchovy, shrimp, and shellfish.[28] The area is heavily fished, providing the main source of animal protein in densely populated Southeast Asia.[29] About 1.5 billion people in the region depend on SCS fisheries for nutrition, and about 3.7 million people find employment in the region's fishing industry.[30] However, due to over-fishing, the fish stocks of the SCS have been degraded by about 70–95% since 1950. Moreover, the destruction of coral reefs, among other environmentally destructive actions such as artificial island building, has exacerbated the dramatic reduction of fish stocks and marine biodiversity more broadly.[31] If overfishing and the destruction of marine biodiversity were to continue at this rate, the argument of SCS fish resources informing Chinese actions will soon be obsolete.

### *3.4 Nationalism as a Constraint on CCP Decision-Making*

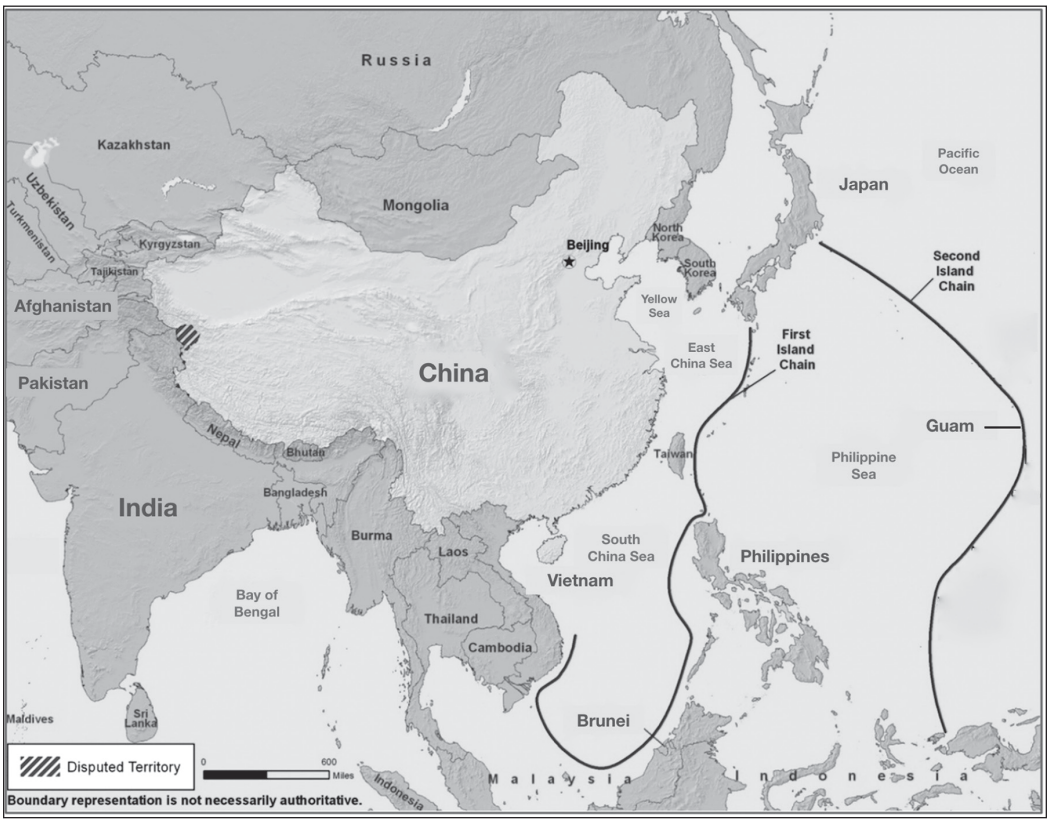
Finally, there is the argument that nationalist sentiments within the Chinese population constrain the options of the Chinese leadership in finding a multilateral solution to SCS disputes short of insisting on full control over the entirety of the SCS.[32] This argument is not in contradiction to the economic security explanation and is often mentioned as an additional factor, alongside shipping lanes and resources. Fostered by decades of state-controlled political indoctrination across media, education, and academia, the Chinese public predominantly supports China's illegal actions in the SCS and believes that the international maritime legal regime as well as international courts are controlled by a U.S. imperialist agenda and more broadly hostile foreign interests.[33] Hence, defending China's territorial claims in the SCS at all costs can be seen as a deliverable by the CCP to the Chinese public to gain legitimacy to rule. Whereas the CCP's legitimacy has thus far mostly been secured through the provision of stable economic growth and welfare, some scholars argue that the promotion of national glory and the protection of territorial integrity can plausibly inform Beijing's readiness to risk security and stability in the SCS, and even to use military force against regional states.[34]

## IV. Alternative Explanation: Military-Strategic Considerations

Contrary to the above discussed explanations relating to economic security and nationalism, several scholarly articles point to the military-strategic dimension as the main

driver behind China's aggressive and destabilizing policy toward the SCS.[35] This argument must be understood against the background of the Sino-American strategic competition. Apart from a technological-industrial as well as an economic-ideological dimension, this competition also has a military-strategic dimension. China has the declared objective to assume regional hegemony in the Asia-Pacific, as it is stated in the *Chinese Dream of National Rejuvenation*.[36] This *Chinese Dream* has a clear foreign policy objective, which is, in the words of Yoshihara and Holmes, to make "the nation prosperous and confident at home and abroad," to "assume its rightful station as a pole in a multipolar world, presumably Asia's dominant power," and to "make good on its intent to alter the US-led status quo and revise the international order to its liking."[37]

Although the United States is today and will remain for the foreseeable future the preeminent military power in the world, China will be able to challenge U.S. preponderance in the Western Pacific. Over the past two decades, China has invested heavily in the PLAN. Between 2014 and 2018 alone, China added more vessels to the PLAN than the number of ships in service of the navies of the UK, Spain, India, and Germany combined. By 2019, the PLAN consisted of 339 ships, compared to 296 U.S. Navy ships. Since, however, the PLAN's modernization concentrates on littoral warfare capabilities based




**Map 3: The First and Second Island Chains. Source: U.S. Department of Defense, "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2010" (Washington, D.C.: Office of the Secretary of Defense, 2010), p. 23; edited by the author.**

on smaller vessels, the tonnage of the U.S. Navy remains more than double that of the PLAN.[38] In the coming decades, the Western Pacific will likely emerge as a militarily contested space in which neither the United States and its regional allies nor China enjoys military supremacy.[39]

In addition to U.S. military presence, China's path toward regional hegemony is complicated by natural barriers in the Western Pacific, namely the first- and second island chains, of which the former is particularly important. Running down from Japan via Taiwan, the Philippines, and Malaysia, the first island chain presents a natural barrier that contains China's "strategic will to the sea," complicating its commercial and military sea lines of communication (SLOCs).[40] The fact that China's littoral waters are shallow and that the first island chain is inhabited by U.S. allies and partners makes it extremely difficult for the PLAN to project naval power—above and below the surface—beyond China's littorals and into the Pacific proper. In this geopolitical context, the SCS matters profoundly in China's military-strategic interest. The SCS can be understood as the *soft underbelly* of the first island chain, with the Strait of Luzon (the gap between the northern tip of the Philippines and Taiwan) as the most promising exit point for Chinese naval power. If China wants to prevail in a prolonged military-strategic competition with the United States and its allies, it must develop the SCS as strategic rear from which it can break out of U.S. containment and conduct naval operations across the Indo-Pacific and beyond.[41]

Based on a review of relevant expert literature, three interrelated military-strategic dimensions—conditions of sorts—can be identified, which China needs to fulfill to break out of its littoral dilemma and to become a peer-competitor to the United States in the Asia-Pacific. Notably, Beijing's desire to fulfill these three dimensions also explains China's artificial island building, militarization of the SCS, illegal territorial claims, and its aggressive behavior toward SCS littoral states. It is furthermore not in contradiction to China's efforts to also cooperate on maritime security and to jointly develop SCS resources with littoral states (cf. section V). These three dimensions are discussed below.

### *4.1 Deny U.S. Power Projection into the South China Sea*

The first dimension is the physical control over territorial features in the SCS, such as rocks, reefs, and small islands. China's objective is to construct on them conventional military infrastructure in support of an A2/AD perimeter covering the entire SCS.[42] To fulfill this objective, the PLA must build radars and runways to deploy theater-range missiles, air- and missile defense, fighter aircraft, and air-refueling tanker planes across SCS islands, including the Spratly Islands, the Paracel Islands, and Scarborough Shoal.[43] With logistical support and existing capabilities based on Hainan, the PLA would acquire the ability to deny the U.S. Navy access to the SCS and complicate U.S. military supremacy in the wider Western Pacific, inhibiting U.S. power projection in the Taiwan Strait and onto the Chinese mainland.[44] Chinese A2/AD over the SCS is an ambitious yet rewarding objective, since it enhances China's national security, improves the PLA's position in a potential Taiwan-Strait contingency or invasion of Taiwan, and reduces U.S. coercive potential over China. But A2/AD over the SCS is also the necessary condition for the other two dimensions.

### *4.2 Submarine-Based Nuclear Deterrence*

Chinese strategic thinkers have been observing with concern U.S. ambitions to improve ballistic missile defense (BMD) in the Asia-Pacific. In China's perspective, particularly worrisome is the participation of U.S. allies, notably Japan, Australia, and South Korea, in U.S. BMD.[45] Beijing believes that U.S. and allied BMD systems enhance U.S. national missile defense, and hence undermine China's second-strike capability which has so far relied on a limited arsenal of land-based nuclear warheads and intercontinental ballistic missiles (ICBMs).[46] The case of China's economic retaliation in response to the deployment of the Terminal High Altitude Area Defense (THAAD) system in South Korea exemplifies that Chinese strategic thinkers consider U.S. BMD assets a threat to China's security.[47] Alarmed by improving U.S. BMD capabilities as well as the U.S. conventional prompt global strike (CPGS) program, China must invest in a more robust nuclear deterrent.[48] In addition to increasing the number of the PLA Rocket Force's land-based ICBMs and the assignment of a nuclear mission to the PLA Air Force, the PLAN too has become an integral part of China's nuclear deterrent.[49] The SCS is critical in this endeavor: since China's other littoral seas, namely the Yellow and East China Seas, are shallow with water depths of no more than 200 m, the SCS is, with an average depth of 1,210 m and an abyssal plain of 4,300 m depth, the only space where PLAN SSBNs can access deeper waters without having to pass the first island chain and risk detection by U.S. or allied sensors.[50]

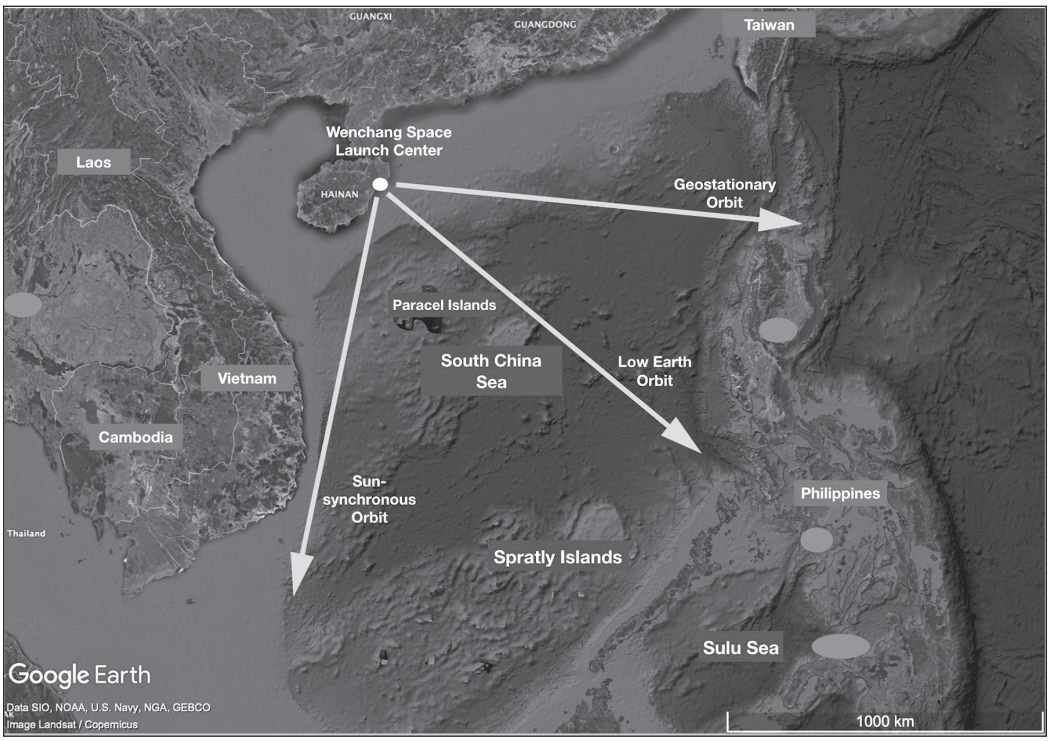
Numerous analyses and specialist publications concur that China is pursuing a so-called "nuclear bastion" in the SCS.[51] The adoption of a nuclear bastion, a strategic concept originally used by the Soviet Union in the Okhotsk and Barents Seas,[52] solves two related issues. First, global patrols of nuclear-armed SSBNs as practiced by the United States, the United Kingdom, and France, are highly complex, and the PLAN may plausibly lack the operational skills to conduct them.[53] Second, a nuclear bastion in the SCS partly solves the littoral dilemma, i.e., above mentioned problem of PLAN SSBNs' potential detection when attempting to slip through the first island chain, past U.S. allies, and into the Pacific proper; this would then simply not be necessary.[54] The development of long-range submarine-launched ballistic missiles (SLBMs) that can be mounted on China's Jin-class SSBNs,[55] such as the CSS-N-14 (JL-2) and more recently the JL-3,[56] supports the assertion that China pursues a nuclear bastion, enabling China to hold at risk U.S. and allied military and civilian targets across the Indo-Pacific and the continental United States.[57]

Given the nuclear bastion's strategic importance, China needs to be able to protect its nuclear-armed SSBNs in the SCS. The establishment of China's "Underwater Great Wall" will do just that.[58] The militarization of the SCS, notably the creation of artificial islands and the construction of military infrastructure on them, enables the deployment of anti-submarine warfare (ASW) systems to deter or destroy enemy attack submarines that could harm PLAN's SSBNs in the SCS.[59] Such infrastructure includes helipads and air-strips for ASW-capable helicopters and patrol planes, which both have been identified on China's artificial islands.[60] On Woody Island, part of the Paracels, China has furthermore constructed facilities to collect and synthesize oceanographic data from satellites and sonar buoys, which would provide PLAN units operating in the SCS with situational awareness of activities above, on, and below the SCS surface.[61]

### *4.3 China's Space Program and the Wenchang Space Launch Center on Hainan*

Space as a military domain implicates all other domains, namely land, air, sea, and cyber. In its defense white papers, China emphasizes its ambitions of force modernization and informationization.[62] To conduct net-centric warfare, the PLA requires independent systems in earth's orbit. Furthermore, if China wants to become a regional hegemon in the Asia-Pacific, as it is prescribed in the *Chinese Dream*, the PLA must first become a technological peer-competitor to U.S. forces, which it has not yet achieved.[63] This requires autarky in global positioning and communications infrastructure. Specialist publications discuss the necessity of space-based systems to develop the kind of A2/AD and power projection capability that China's defense white papers devise,[64] but China's space program has been largely absent in debates about Chinese activity in the SCS.

An exception is the work by Kirchberger and O'Keeffe, who point to the construction and protection of the Wenchang Space Launch Center (WSLC) on Hainan as an important variable that informs China's policy toward the SCS.[65] WSLC's geographic location on the southern Chinese island Hainan makes it China's quintessential location to launch satellites into various orbits that enable different communications- and earth-surface observation missions. Those are geostationary (GEO), low-earth (LEO), and sun-synchronous




**Map 4: Approximate Flight Corridors of WSLC-Launched Rockets Source: By author, created with Google Earth, based on Sarah Kirchberger and Patrick O'Keeffe, "Chinas Schleichende Annexion Im Südchinesischen Meer-Die Strategischen Hintergründe [China's Creeping Annexation in the South China Sea]," *SIRIUS—Zeitschrift Für Strategische Analysen* [*Journal of Strategic Analysis*] 3(1) (2019), pp. 3–20.**

(SSO) orbits (See Map 4).[66] Thanks to Hainan's proximity to the equator, WSLC raises the Chinese space program's maximum payload by 15% compared to spaceports in Xichang, Taiyuan, and Jiuquan.[67] The increased payload enables China to launch heavy military and dual-use systems, such as China's orbital space station *Tiangong-2*.[68] WSLC can launch the Long March-5, China's most powerful rocket.[69] It furthermore has the advantage of allowing rockets and equipment to be delivered by ship, significantly increasing the capacity over other spaceports that are supplied by railroad.[70] WSLC has been under construction since 2009 and was completed in 2014.[71] In June 2016, the first successful launch was conducted.[72]

Space vessels ascending out of WSLC would take one of three potential corridors—depending on the orbit—all of which lead over the SCS. In the early stages of ascent, rockets are vulnerable to directed energy, kinetic, as well as electronic warfare attacks such as spoofing and jamming.[73] Since space-based systems are of utmost importance for the PLA to operate modernized, informationized forces and to compete with the United States, it is not surprising that China is building a secure, A2/AD-based defense perimeter across the SCS.[74] It should also be noted that Chinese artificial island building in the SCS accelerated one year ahead of WSLC's construction.[75]

## V. Corroborating the Alternative Explanation: China's Conditional Offers of Cooperation with Littoral States

Until the 1990s, China pursued a comparatively aggressive policy and occupied numerous territorial features of the SCS by force, particularly in the Paracels and Spratlys, leading to a number of violent exchanges between the PLA and the militaries of Vietnam and the Philippines.[76] But China's unlawful occupation of SCS territorial features, e.g., of Mischief Reef in 1994, also led to considerable diplomatic backlash, incentivizing the Chinese leadership to explore other options to safeguard its strategic interests in the SCS. By the mid–1990s China adapted its SCS policy in two significant ways.

First, China harmonized territorial claims in the SCS with the evolving international regime on maritime law. Importantly, China ratified UNCLOS in 1996.[77] In addition, China codified its territorial claims through the passage of domestic legislation. In the late 1990s, China's National People's Congress passed numerous laws that define China's territorial rights to its adjacent waters.[78] However, Fravel points out that China left its territorial claims in the SCS purposely ambiguous, and numerous claims promulgated through these various legal sources are contradictory. For instance, China's EEZ claims, the invocation of historical rights, and UNCLOS are incompatible with each other.[79]

Second, China deployed a "delaying strategy" throughout the late 1990s and 2000s, using lengthy legislative processes to defend its territorial gains of the early 1990s.[80] Beijing also engaged with regional states through bilateral and multilateral agreements, such as the 1995 Code of Conduct (CoC) with the Philippines[81] or the 2002 Declaration of Conduct (DoC) with ASEAN, signed at the 8th ASEAN summit in November 2002 in Phnom Penh.[82] The 2002 DoC marks the first time that China signed a multilateral agreement relating

to the governance of the SCS. Previously, Beijing had sought to solve SCS disputes and disagreements on territorial questions through bilateral negotiations. China also offered regional states to cooperate in multilateral projects to explore the SCS seabed and locate fossil fuels. A prominent example is the 2005 Joint Marine Seismic Undertaking (JMSU) with the Philippines and Vietnam.

The remainder of this section concentrates on the second dimension of China's efforts to engage SCS littoral states in cooperation projects that would, if successful, result in cooperation on SCS ocean governance, shared control over shipping lanes, and joint development of SCS resources (hydrocarbons, fish). The analysis focuses on Chinese bilateral engagement with the Philippines as a representative case and multilateral engagement through ASEAN.

### *5.1 Chinese Offers of Cooperation in the South China Sea: The Example of the Philippines and ASEAN*

Coinciding with improving China-Philippine diplomatic relations in the first decade of the 21st century, Beijing found ways to cooperate with Manila in the SCS. At a high-level dialogue in Beijing in September 2004, Chinese Premier Wen Jiabao offered Philippine President Gloria Macapagal Arroyo to join efforts in promoting SCS ocean governance and maritime security, including sea rescue, disaster mitigation, and joint exercises.[83] They also agreed to find a solution, in line with UNCLOS, to their contradicting territorial claims in the SCS and to jointly develop natural resources.[84] China and the Philippines agreed on the JMSU with the objective of jointly gathering and analyzing data on the SCS seabed in preparation for ensuing joint development of hydrocarbons.[85] Through the JMSU, China hoped to solve the SCS disputes first bilaterally and, when Hanoi joined in March 2005, trilaterally.[86]

During Chinese President Hu Jintao's visit to Manila in April 2005, on the 30th anniversary of Sino-Philippine diplomatic relations, Manila and Beijing agreed to cooperate on numerous issues relating to trade, investment, infrastructure development, and agriculture. The two parties also signed an MOU on Defense Cooperation and initiated a consultation mechanism on defense and security between the Philippine and Chinese defense departments.[87] They further expressed their mutual will to maintain peace and stability in the SCS, to cooperate with other ASEAN members to implement the 2002 DoC, and to work with Vietnam within the framework of the JMSU.[88]

However, over the following years, China's relations with the Philippines and other ASEAN states deteriorated. This deterioration was in no small part due to SCS littoral states' opposition to Chinese illegal territorial claims in the SCS. Not surprisingly, this adversely affected China's efforts to solve SCS disputes with littoral states through bi- and multilateral agreements in a fashion that would still guarantee China's physical control over the SCS. In the case of the Philippines, controversies over Chinese Official Development Assistance (ODA) led to a graft investigation by the Philippine Senate. As a result, numerous Chinese-financed infrastructure and agriculture development projects were canceled in 2007.[89] Philippine public attention also turned to the JMSU, which was suspected to undermine Philippine territorial rights in the SCS by giving Chinese and Vietnamese energy corporations access to Philippine maritime territory.[90] The JMSU was then

continued by the three parties and finalized in 2009, but it was kept under the radar and the results were not publicized by any of the three governments.[91]

In the subsequent years, the dispute between China and the Philippines over territorial rights in the SCS escalated. This dispute notably began in the late years of Arroyo's second presidential term (June 2004–June 2010) and was carried into the Aquino administration (June 2010–June 2016). Initially, President Aquino sought to improve relations with China, especially in economic terms.[92] To do so, Aquino spent considerable political capital and joined a 19-state coalition supporting China's boycott of the Nobel Peace Prize award to Chinese dissident Liu Xiaobo in December 2010. Manila also extradited 14 Taiwanese nationals to China in February 2011.[93] With regards to the SCS, however, Aquino insisted on Philippine territorial rights.[94] The Aquino administration launched a *Long Term Capability Development Plan* to enhance Philippine defense capabilities, especially of the Navy and Air Force, and improved security cooperation with the United States in 2011, which went hand-in-glove with the Obama administration's *Pivot to Asia*, further exacerbating discord between Manila and Beijing.[95] The Sino-Philippine dispute, which started with the Scarborough Shoal incident in April 2012 and led to the arbitration case brought by the Philippines against China in January 2013, has been discussed in detail by previous publications.[96] For this article's purpose, it should be noted that throughout the Aquino administration and until Rodrigo Duterte's inauguration as President of the Philippines in July 2016, Beijing extended no meaningful offers to cooperate with Manila on SCS ocean governance and resource exploration, neither bilaterally nor through ASEAN (cf. Figure 1).

Already during his presidential campaign, Duterte announced that he would repair the Sino-Philippine relationship and reverse his predecessor's confrontational stance on China and the SCS.[97] He also signaled early in his Presidency that he would engage in bilateral talks with China,[98] and that joint maritime patrols with the United States would not continue.[99] Duterte also declared that he would not give much importance to the PCA ruling and would rather seek a bilateral solution with China on the SCS issue. A bilateral solution, of course, would notably come with the exclusion of extra-regional players, i.e., the United States, and ignore international courts' rulings, precisely reflecting China's interest. China–ASEAN level efforts to advance and implement the 2002 DoC as well as the 2014 *Code for Unplanned Encounters at Sea* (CUES) also made progress in the following months, notably at the 19th China-ASEAN summit in September 2016 in Vientiane.[100] Throughout the prior four years, the Sino-Philippine territorial dispute had been an obstacle to improving SCS maritime security and resolving territorial issues, on bilateral as well as on the multilateral ASEAN-China level.[101]

President Duterte visited Beijing on October 20–22, 2016, where he and Xi announced to resume talks on the SCS territorial dispute.[102] On October 29, just one week later, Beijing granted Philippine fishers access to the Scarborough Shoal (within the Philippine EEZ), which is under effective Chinese control since April 2012.[103] In December 2016, Beijing and Manila even considered the formation of a joint coast guard,[104] which, however, did not materialize in the end. Over the following two years, Manila and Beijing also discussed cooperation on issues such as marine environmental protection, fisheries, marine scientific research, hydrocarbon development, and implementation of the CoC and DoC.[105] For instance, in July 2017, Beijing expressed support for a Sino-Philippine joint hydrocarbon development project.[106] During Duterte's presidency, PLAN ships even made port calls in

the Philippines, all the while China's illegal militarization of the SCS, notably in the Spratlys and Paracels, continued.[107]

**Table 1: Chinese Offers to Cooperate and Share SCS Resources with the Philippines and ASEAN**

| | |
|---|---|
| August 1995 | China—Philippines; Signing of SCS CoC. |
| November 2002 | China—ASEAN; Signing of DoC in the SCS. |
| November 2004 | China—Philippines; Beijing offers to cooperate on SCS security (sea rescue, disaster mitigation, joint exercises), agree to find solution based on UNCLOS, JMSU. |
| March 2005 | China—Philippines—Vietnam; Hanoi joins JMSU. |
| April 2005 | China—Philippines; MOU on defense cooperation, agree to implement 2002 DoC, work with Vietnam on JMSU. |
| July–August 2016 | China—ASEAN; Agree to advance and implement the DoC and CUES. |
| October 2016 | China—Philippines; Beijing "grants" Philippine fishers access to Scarborough Shoal. |
| May 2017 | China—Philippines; PLAN port call to Davao, Mindanao on Manila's invitation. |
| July 2017 | China—Philippines; Beijing proposes joint Sino-Philippine hydrocarbon development project. |

## VI. Synthesis: Cooperation as Means to the End of Controlling the South China Sea

The above analysis demonstrates through the example of the Philippines that China has, on numerous occasions, sought to invite SCS littoral states to cooperate in bilateral and multilateral frameworks to enhance maritime security, jointly police shipping routes, contribute to ocean governance, and to share resources (hydrocarbon, fish). The common explanation relating to economic, or nontraditional, security can hence be refuted. To the contrary, China has tried to involve individual states like the Philippines as well as ASEAN in efforts to jointly govern the SCS and share its resources. What needs to present, from Beijing's perspective, is that the littoral state effectively gives up its EEZ and accepts that China, in principle, possesses territorial rights over the entire SCS, per its 9-Dash Line. Notably, such acceptance of China's demands was absent during the Aquino presidency. During Arroyo's (2001–2010) and later Duterte's (2016–2022) presidencies, on the other hand, Philippine insistence on territorial rights was less pronounced, enabling China to use cooperation projects to consolidate its illegal territorial claims.

The above analysis demonstrates that if a littoral state accepts China's illegal claims, Beijing will cooperatively grant access to SCS resources. To clarify: the littoral state will be granted access to maritime territory that is, under UNCLOS, already within its EEZ. For instance, in the early to mid–2000s, Beijing invited Manila, and later Hanoi, to jointly explore the SCS seabed at a time when relations were stable, and the Arroyo administration prioritized commercial exchanges with China over territorial rights. This changed in the final years of Arroyo's and throughout Aquino's presidency. Similarly, once Duterte, by ignoring the PCA ruling, effectively accepted China's territorial claims in 2016, Beijing swiftly permitted Philippine fishers to again access the Scarborough Shoal, which is within

the Philippine EEZ but under Chinese control since 2012. In other words, once Duterte gave in to China's Realpolitik and ignored his country's legally assured territorial rights under UNCLOS, Philippine marine industry workers were able to return to Chinese-controlled territory within the Philippine EEZ.

Indeed, Chinese scholars concur that the Chinese government is willing to share resources with littoral states, as long as China's territorial claims are accepted. Xu and Cao, for instance, assert that China's approach to maritime disputes in the SCS, and engagement with littoral states, is guided by four principles:

1. The prerequisite is that the SCS is China's sovereign maritime territory.
2. Disputes over sovereignty should be shelved until conditions improve and the eventual settlement is possible, but the claim of sovereignty cannot be given up.
3. China may conduct joint resource development with regional states in disputed maritime territory.
4. The purpose of joint development with regional states is to create conditions for the eventual consensual settlement of disputes through cooperation and promotion of mutual understanding.[108]

Especially principles (3) and (4) are instructive to understand the role that SCS resources have in Chinese strategy, and how China utilizes joint development for its strategic interests. China seeks to bind regional states into mutually lucrative cooperation projects, thus incentivizing regional states to eventually accept China's territorial claims to secure continued access to SCS resources. This is supported by the previous section's analysis. China's leveraging of economic interdependence in this context is reminiscent of its economic statecraft in other contingencies like the South Korean THAAD case or more recently Chinese import restrictions of a wide range of Australian goods.[109] Cha and Lim refer to this practice as China's "Predatory Liberalism" whereby China "engages in the global trading order up until the point when it chooses not to […]. Instead, China leverages the vulnerability that interdependence creates in a predatory fashion."[110]

It can be concluded that the driver behind China's SCS policy—which is sometimes aggressive/coercive and sometimes cooperative—cannot be the securing of control over commercial SLOCs and maritime resources. Rather, China employs offers of cooperation in ocean governance and in developing SCS resources to garner regional states' acquiescence on the question of territoriality, and eventual acceptance of effective Chinese control. The example of China's engagement toward the Philippines and ASEAN demonstrates this. China demands undisputed sovereignty over the SCS, not merely exclusive access to resources. The objective of undisputed control over the SCS is to realize China's military-strategic objectives, namely the development of A2/AD, establishing the SCS as a nuclear bastion, and securing the airspace above the SCS for rocket launches from WSLC on Hainan. These military-strategic objectives require undisputed access to the entire SCS and all its territorial features on which military installations such as radars, missiles, runways, harbors, etc., can be deployed. In Beijing's calculation, the best way to achieve this is to leverage joint cooperative relationships with regional states. If this is not reciprocated, as was the case with the Philippines between 2012 and 2016, China will instead use military and economic coercive power to assume control of SCS territory, even within the EEZ of other littoral states.

The above analysis hence supports the alternative explanation of China's military-strategic interests to be the driver of Chinese actions. This explanation already exists in specialist publications but has been ignored by many academic and most journalistic accounts. By demonstrating that China—absent littoral states' strong opposition—in fact readily offers cooperation on ocean governance and joint resource exploration as means to eventually gain undisputed control over the SCS, the common explanation relating to economic security can be refuted. The alternative explanation relating to China's military-strategic interests, however, holds up against the above analysis. The explanation of nationalism can neither be refuted nor corroborated. It can hence be accepted as another contributing variable until it is either verified or falsified by future empirical analyses.

## VII. Conclusion

Disputes in the SCS are well researched subject matter within the discipline of international security- and strategic studies. China's role in these disputes is preeminent due to its relative economic size and military power on the one hand, and its aggressive courses of action, illegal island building, and disregard for international law on the other. Beijing's aggressive approach and illegal island building are commonly explained as a function of economic security considerations, namely the control of SLOCs and access to fish and hydrocarbon resources. The alternative explanation posits that China's military-strategic interests are the driver behind its actions in the SCS. As this article demonstrates, the alternative explanation is reconcilable with the fact that China also offers cooperation in ocean governance and joint resource exploration to littoral states. The military-strategic explanation is hence corroborated, whereas the common explanation relating to control over SLOCs and resources can be refuted.

It is demonstrated that China's SCS policy, specifically its offers of cooperation with littoral states, can be explained as means to consolidate China's physical control over the SCS, further underwriting its military-strategic objectives. Chinese scholars concur that joint exploration of SCS resources serves as a coercive tool to incentivize littoral states to cooperate and to effectively accept China's illegal claims. Once cooperation yields lucrative results, the littoral state's costs of disputing Chinese illegal territorial claims, and thus losing out on the exploration business, would be significantly higher. Of course, economic factors will also inform Chinese foreign policy, but China's willingness to share resources demonstrates that this cannot explain its aggressive behavior toward littoral states. While the Philippines and ASEAN are useful case studies, SCS disputes are multi-faceted, and this article's analysis is only partly representative of China's engagement with other SCS littoral states. Future research may explore Beijing's assertive as well as cooperative coercive policies toward further regional states to improve our understanding of China's strategic ambitions toward the SCS.

Last but not least, the findings of this article have policy implications for SCS littoral states, ASEAN, and states from the wider Asia-Pacific region, including the United States. It has been known that China disregards UNCLOS since it denied the PCA jurisdiction over SCS disputes and announced that it will not accept the ruling. So far, territorial disputes between SCS littoral states and China were understood to be driven by considerations

relating to resources and shipping lanes. If that were the case, bilateral and multilateral cooperation projects such as the JSMU or the CoC and DoC would seem like a solution. However, it appears that China merely uses offers of cooperation as a means, a policy tool so to say, to control littoral states with economic inducements. The end of China's actions in the SCS, however, is to secure military-strategic objectives and to establish A2/AD, operate a nuclear bastion, and protect rockets launched from its spaceport on Hainan. Understanding China's true objectives in the SCS as well as the limited impact that UNCLOS and international law more generally have on China's foreign policy will be crucial in finding a more robust solution to the ongoing territorial disputes.

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## Biographical Statement

Maximilian Ernst is a researcher with the Centre for Security, Diplomacy, and Strategy (CSDS) at the Brussels School of Governance and a PhD candidate at the Vrije Universiteit

Brussels. His research focuses on Asia-Pacific security, particularly Chinese foreign policy towards regional states. He received a B.A from the Johannes-Gutenberg University Mainz and an M.A. from Yonsei University. In 2020, Maximilian was a transatlantic fellow at the AICGS at Johns Hopkins University. His research has been published in journals such as *North Korean Review*, *Asian Journal of Peacebuilding*, *Asian Perspective*, and *Journal for Intelligence, Propaganda and Security Studies*.

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