

Balance of Threat in the South China Sea: Vietnam's Multi-Faceted Approach to Maximizing its
South China Sea Interests in the Face of Dominant Chinese Power as a Case Study in
Great Power-Middle Power Dispute Dynamics

By

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A thesis submitted in partial fulfillment

Of the requirements for the degree of

Master of Arts

Program in International Relations

New York University

May 2020

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ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to my advisor Professor Peter Dutton for his continuous support and thought-provoking conversations throughout this process. This thesis would not have been possible without his encouragement, patience, and exceptional knowledge.

Further, I would like to thank Professor John Fousek for his unwavering commitment to my thesis seminar and constant helpfulness and engagement throughout the writing of this thesis.

I am also indebted to the Dartmouth College Government and Asian Studies departments as well as the New York University International Relations program for stimulating my intellectual development and upholding environments of learning and discussion.

Some material was developed from work previously written for a term paper in the NYU International Relations course “International Relations of the Asia-Pacific,” taught by Professor David Adelman. Some material was also developed from a working draft of a paper written during my internship at the U.S.-Asia Law Institute (USALI) of NYU School of Law. I am grateful to Elias Blood-Patterson and Allen Clayton-Greene at USALI for their feedback and thoughtful advice on that paper.

Finally, I would like to thank my parents for supporting me throughout writing this thesis and in life in general. I would also like to thank my friends, especially Sindhura Kolli, Kylie Kirschner, Erica Choe, and Vivian Lee, for their constant moral support and encouragement.

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CHAPTER 1

INTRODUCTION

Well within Vietnam's exclusive economic zone, Vanguard Bank is a significant source of resources for Vietnam. However, in July of 2019, the area also became the site of the worst stand-off between Vietnam and China in five years. Angered by Vietnam's drilling operations at Vanguard Bank, China sailed in its *Haiyang Dizhi 8* survey ship, escorted by coast guard vessels, and a several months stand-off ensued.¹ China's decision to send an intimidating flotilla of coast guard vessels is becoming increasingly commonplace as China presses its expansive nine-dashed line claim and seeks to prevent Southeast Asian claimant nations from developing resources or possessing maritime features within the line's limits. Yet despite China's great power advantage in the region and a history of claimant states' withdrawal, Vietnam did not back down in the incident, some forty-five years after losing control of the Paracels in a deadly standoff with China.

Vietnam's experience at Vanguard Bank is not unique; China uses similar methods to intimate and coerce other claimant states, especially the Philippines and Malaysia. Indeed, conflict in the South China Sea regarding maritime boundaries, territorial claims, and resource appropriation has been increasingly relevant over the last several decades. As the People's Republic of China (henceforth, China, or the PRC) continues to grow economically and militarily, the threat level in the South China Sea is likely to continue to increase substantially as the country's mounting security concerns become more pressing and its ultimate quest for regional hegemony is within its long-term grasp. In the short to medium term, China will need to

¹ Laura Zhou, "Chinese survey ship leaves Vanguard Bank in South China Sea and heads to artificial island outpost," *South China Morning Post*, 2019, <https://www.scmp.com/news/china/diplomacy/article/3030015/chinese-survey-ship-leaves-vanguard-bank-and-heads-artificial>.

increase and protect its supply of natural resources and ensure the continued flow of imported resources such as oil to satisfy its population, while also maintaining relative peace and stability with its Southeast Asian neighbors.

This thesis asks the question: which country is in the best position to challenge China in the medium to long term? The first section of this thesis (chapters 2 and 3) looks at the nature of the disputes and the nature of the Chinese threat, and then considers the actions of relevant claimant states through an application of realist balance of threat theory to determine which countries are balancing and which are bandwagoning, framed in the larger great power dispute between China and the United States.² I modify and extend balance of threat theory by adding two important factors: “secondary or peripheral territories” and “perceived value of the object.” These are especially relevant also because the type and value of the specific territory at stake has generally not been distinguished in the literature, yet have implications for countries’ prioritizations. Special emphasis is placed on the years 2009, the year the nine-dashed line was officially submitted for the first time in response to the Joint Submission by Vietnam and Malaysia, and 2016, the year the South China Sea Arbitration award invalidated the nine-dashed line. For a variety of military, political, and economic factors, Vietnam will be shown to have demonstrated an overall position of balancing, both through bilateral and multilateral interactions, whereas Malaysia will be shown to generally bandwagon with China and the Philippines wavers between China and the United States depending on domestic politics.

² An important distinction must be made: the disputes are not about sovereign territory, but about secondary interests which are disputed by several different states. I make no claim that China will engage in military conflict against sovereign national territory of claimant states, not including occupied relevant islands. In this way, the dynamic in the South China Sea is not a traditional balance of power / balance of threat issue, but implications can nonetheless be taken from such an analysis. Indeed, in this thesis I instrumentalize the disputes by assessing balancing and bandwagoning to a degree based on how claimant states use their claims as bargaining chips within their interactions with China.

The finding that Vietnam may be in the best position to challenge Chinese threats and encroachments in the South China Sea leads to a second research question: how has Vietnam been maximizing and optimizing its strategy in the South China Sea between its claims there and other important regional interests, such as its security and political and economic relations with China and other regional actors? To answer this question, the second section of this thesis (chapters 4 and 5) focuses on optimization: how does Vietnam balance interests that compete? Vietnam has territorial claims in the Paracels and in the Spratlys, many of which overlap with Chinese claims (as well as with those of other Southeast Asian countries), and Exclusive Economic Zone (EEZ) claims which also overlap. Vietnam has a history of land border conflict with China, as well as escalated military conflict at sea. As will be shown in the first section of this paper, while China is the vastly larger power, both in terms of military and economic might, Vietnam has nonetheless been able to press and to an extent advance its own interests. What has Vietnam been doing, and what has been working best? Stemming from this, what role can international law play and how does ASEAN factor in? Overall, what options does Vietnam have to optimize its legal, political, economic and military posture?

In answering these questions, I utilize realist international relations theory. Realist thought would expect to see China take an increasingly aggressive³ position within the China Seas to expand its territorial security and the security of its resource flows in the long term. Extending offensive realism, which the US has arguably followed to become regional and perhaps global hegemon, to the rise of China, Mearsheimer asserts that “if China continues to grow economically, it will attempt to dominate Asia the way the United States dominates the

³ Here and throughout this thesis, I use the term “aggression” to mean a “pursuit of interests using force or threat thereof,” and do not attach any legal meaning to the term.

Western Hemisphere.”⁴ This great power conflict is of course a long-term projection, if and when China’s economy continues to grow at present rates and the country further develops its military capabilities. China today cannot challenge the United States (or its ally Japan), a fact which is reflected in China’s more restrained policy in the East China Sea. However, the PRC is already powerful enough to challenge Southeast Asian nations. Indeed, as PRC has grown wealthier and more powerful, the country has been increasingly bullying its much weaker southern neighbors in the region of the nine-dashed line with its militarized presence, especially through patrols. Realists would expect China not to be deterred by international arbitration on matters where a smaller, weaker nation has an overlapping claim; evidence of this can be seen in China’s refusal to acknowledge the South China Sea Arbitration Case brought up by the Philippines. Indeed, China as a rising great power is a prime example of a state that engages with international norms only when doing so advances its own interests. China has also been building islands with airstrips, a move which will help China project air power further and solidify its territorial presence in the waters for its long-term strategy. China’s greater power projection has heightened tensions and is directly related to the PRC’s quest for greater national security.⁵ Very importantly, China wants to keep the South China Sea disputes regional, in a bid to keep the power balance on its side.

Fundamentally, these research questions concern long-term security, including the possession of resources. This thesis therefore focuses on balancing and bandwagoning from a realist security perspective following Walt’s definitions and addition of perceived threat to balance of power (chapter 3). Balance of threat improves on balance of power by providing an

⁴ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2014), 361.

⁵ “China’s Maritime Disputes,” *Council on Foreign Relations*, 2017, https://www.cfr.org/interactives/chinas-maritime-disputes?cid=otr-marketing_use-china_sea_InfoGuide#!/chinas-maritime-disputes?cid=otr-marketing_use-china_sea_InfoGuide.

explanation as to why states may in fact not balance, and allows for analysis of the region through perceived threat as a dominating factor as opposed to mainly military focused factors. A more in-depth discussion of the nature of China's rise is found in chapter 2 and the relevance of realist thought for the purposes of this thesis can be found in chapter 3. Chapter 3 also introduces the two new factors, relevant because of the changing nature of great power conflict in a post-Cold War world, one in which Southeast Asian nations are not threatened in their fundamental territorial sovereignty per se, but are threatened in their secondary interests. Each of these points plays a significant role in analysis throughout this paper.

This thesis is divided into two parts, each framed by its own body of literature, to advance the claim that Vietnam has been pursuing consistent periods of soft balancing in the South China Sea and has been using significant bilateral and multilateral means to internationalize the disputes and optimize its course of action in balancing competing interests. Importantly, Vietnam has not made concessions on its claims and is engaged in significant security-related military buildup. While Vietnam's options in the short term may be limited by factors including geographic proximity and military power imbalance, ideological connection, and economic dynamics, Vietnam may have significant legal and diplomatic options in the medium to long term.

CHAPTER 2

OVERVIEW OF THE SOUTH CHINA SEA CONFLICT AND THE NATURE OF CHINA'S THREAT

The South China Sea conflicts are oft in the news with discussions of islands, waters, and overlapping claims, but what really is the nature and intensity of China's threat? This chapter assesses the evolving and multifaceted nature of Chinese interests in the South China Sea and analyzes China's methods in pursuing them. Understanding the strengths and weaknesses of China's ability to pursue its claims allows an assessment to be made as to the nature of the threats of Chinese developments as well as which country is best situated to challenge them. I begin with an overview of the South China Sea Conflict in its physical manifestation, including relevant areas, features, and waters. Here, as throughout this thesis, I subscribe to the decisions made by the 2016 South China Sea Arbitration decision, where applicable.⁶ Further, I present a brief discussion of Chinese developments in the South China Sea from the PRC's founding in 1949, until 2009, the year in which China for the first time officially submitted the nine-dashed line beginning a new period of assertiveness. I conclude with a discussion on the origins and implications of these developments, focusing on how Chinese scholars think about and approach law of the sea. I find that China has become increasingly less vague and more assertive over the years regarding its claims in the South China Sea, demonstrating continuously increasing and significant confidence by the Chinese and threat level for Southeast Asian claimant states. This

⁶ In this manner, although I articulate the Chinese claim to "historical waters" throughout official and scholarly work, I do not comment on the evidence for this claim, or the precedence in previous court cases that may have taken into account "historical waters." For the sake of this thesis, which is concerned with the nature of Chinese threat and Southeast Asian state balance of threat calculations, it is sufficient to understand that the 2016 South China Sea Arbitration decision found claims to "historical waters" in the nine-dashed line to be invalid in this situation.

process will be shown to be steppingstone like, with periods of aggression for gains followed by periods of consolidating these gains through small concessions and attempts for regional integrations.

China's interests in the South China Sea are on two sides of a balance: as Martinson explains, "The first desire is to regain 'lost' islands and waters controlled or contested by foreign states. The second is a desire to maintain stable relations with these same states and with the 'global hegemon' (i.e., the U.S.)."⁷ In this paper, these two concepts will be presented using the Chinese terms: *weiquan* ("rights protection") versus *weiwen* ("stability maintenance").⁸ Chinese policy makers have at different times reflected different priorities—this distinction is important because during periods of *weiwen*, China is more likely to engage other claimant states for greater regional integration. Thus, the period of *weiquan*, with greater Chinese assertiveness against other states, is relevant to an analysis of claimant states' abilities to challenge Chinese interests.

Overview of the South China Sea Conflict and the 2016 South China Sea Arbitration Decision

The South China Sea is surrounded to the north by China (and Taiwan), to the west by Vietnam, to the East by the Philippines, and to the South by Malaysia, Brunei, and Indonesia (through the Natuna Sea). The South China Sea is a major shipping lane for international trade. Historically, the sea's abundant living resources, especially fisheries, were essential to the livelihoods of the peoples surrounding it, and this continues to be the case for the claimant states

⁷ Ryan Martinson, "China's Great Balancing Act Unfolds: Enforcing Maritime Rights vs. Stability," *The National Interest*, 2015, <https://nationalinterest.org/feature/chinas-great-balancing-act-unfolds-enforcing-maritime-rights-13821>.

⁸ Ryan Martinson, "A Salt Water Perspective on China's New Military Strategy," *Real Clear Defense*, 2015, https://www.realcleardefense.com/articles/2015/06/02/a_salt_water_perspective_on_chinas_new_military_strategy_107997.html.

as they are today.⁹ This discovery of potential oil and natural gas resources under the seabed of the South China Sea in the later twentieth century, which could be up to more than 750 million barrels,¹⁰ has complicated and militarized the issue as claimant countries seek to develop these resources, much needed for their own economic growth.

The conflict in the South China Sea has grown over the years, especially since the discovery of oil resources. With the exception of the Gulf of Tonkin Agreement between China and Vietnam (discussed under *Chinese Developments in the South China Sea since 1949*), no maritime boundary agreements have been made between claimant states, with issues stemming from position of island groups as well as from the conflict between historic waters and exclusive economic zone (EEZ) rights and claims under the United Nations Convention on the Law of the Sea (UNCLOS). Further, two island groups, the Paracels and the Spratlys, are contested by different states. The Paracels are contested in their entirety between Vietnam and China, while the Spratlys islands are contested in parts or in sum by China, Vietnam, the Philippines, Malaysia, and Brunei. Sovereignty over these features is strategically important because of the maritime claims that they may or may not have (such as territorial sea and exclusive economic zone). Finally, conflict exists over what travel rights exist in the territorial sea.¹¹

This thesis subscribes to the decisions by the 2016 South China Sea Arbitration Decision regarding the nature of historic waters and maritime claims featuring the Spratlys. I highlight two of the most relevant points to this thesis:

⁹ See Sean Mirski, “The South China Sea Dispute: A Brief History,” *Lawfare*, 2015, <https://www.lawfareblog.com/south-china-sea-dispute-brief-history>.

¹⁰ Tim Daiss, “China is ramping up its presence in the South China Sea — and it’s all about oil,” *Business Insider*, 2018, <https://www.businessinsider.com/china-is-ramping-up-its-presence-in-the-south-china-sea-because-of-oil-2018-3>.

¹¹ Peter Dutton, “Three Disputes and Three Objectives—China and the South China Sea,” *Naval War College Review*, 64:4 (2011), 1-2.

Regarding Historical Waters:

The Tribunal concludes that, as between the Philippines and China, China's claims to historic rights, or other sovereign rights or jurisdiction, with respect to the maritime areas of the South China Sea encompassed by the relevant part of the 'nine-dash line' are contrary to the Convention and without lawful effect to the extent that they exceed the geographic and substantive limits of China's maritime entitlements under the Convention. The Tribunal concludes that the Convention superseded any historic rights or other sovereign rights or jurisdiction in excess of the limits imposed therein.¹²

Regarding Maritime Claims:

Tribunal concludes that Mischief Reef and Second Thomas Shoal are both low-tide elevations that generate no maritime zones of their own. The Tribunal also concludes that none of the high-tide features in the Spratly Islands are capable of sustaining human habitation or an economic life of their own within the meaning of those terms in Article 121(3) of the Convention. All of the high-tide features in the Spratly Islands are therefore legally rocks for purposes of Article 121(3) and do not generate entitlements to an exclusive economic zone or continental shelf.¹³

Following these decisions, the UNCLOS-based claims of Southeast Asian nations gained significant legal and political legitimacy, to the extent that they comply with international law. Indeed, Vietnam and Malaysia's 2009 Joint Submission to the UN Commission on the Limits of the Continental Shelf¹⁴ as well as Indonesia's 2010 response¹⁵ to China's nine-dashed line submission (itself a response to the 2009 Joint Submission) had already applied UNCLOS in this manner to the Spratly Islands features. At least legally, Southeast Asian claimant states therefore gained significant bargaining power relative to China.

¹² South China Sea Arbitration (Republic of Philippines v. People's Republic of China), Award, 2016, P.C.A. July 11, 117.

¹³ *Ibid.*, 259-260.

¹⁴ Malaysia and Vietnam, "Joint Submission to the Commission on the Limits of the Continental Shelf pursuant to Article 76, paragraph 8 of the United Nations Convention on the Law of the Sea 1982 in respect of the southern part of the South China Sea," 2009.

¹⁵ Permanent Mission of the Republic of Indonesia to the United Nations, "Communication dated 8 July 2010," 2010.

Chinese Developments in the South China Sea since 1949

In this section, I provide a brief highlight of important Chinese developments in the South China Sea. This section focuses on official legal and political documents and military engagements.

In 1958, the PRC published its “Declaration of the Government of the People’s Republic of China on China’s Territorial Sea.”¹⁶ In it, the PRC presented its island claims in the South China Sea, announced it would apply straight baselines along its coast line, and emphasized that foreign aircraft and vessels must request permission to enter the PRC’s territorial sea and air space above it. These positions demonstrate the significant emphasis on security and reflect Mao’s more inward-looking policies by a weak PRC at this time.

The 1970s to 1990s were marked by a Chinese priority for aggression, as China grew in power and took disputed islands and maritime features through military force. The first of these engagements was the 1974 skirmish with (then) South Vietnam in which China took control of the Paracels. Signifying the beginning of Chinese aggressive expansionism in the South China Sea, two aspects of the battle are in themselves significant: 1) Chinese forces conceded the first tactical move in order to frame the attack as a “counter attack in self-defense,” limiting outside interference in the battle by making the US’s position, as South Vietnam’s ally, more diplomatically difficult, and 2) China’s maritime power features civil-military integration, where militias and fishing trawlers play active roles.¹⁷ The second battle was the Johnson South Reef Incident in the Spratlys, which occurred in 1988 and after which China occupied several disputed islets. The conflict followed a similar style, with China claiming counter-attack after initial

¹⁶ Government of the People’s Republic of China, “Declaration of the Government of the People’s Republic of China on China’s Territorial Sea,” 1958.

¹⁷ Toshi Yoshihara, “The 1974 Paracels Sea Battle: A Campaign Appraisal,” *Naval War College Review*, 69:2 (2016), 52-53, <https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1095&context=nwc-review>.

Vietnamese attack,¹⁸ and further demonstrated China's willingness to engage in armed conflict. The third occurred in 1995, when China occupied Mischief Reef, also in the Spratlys. The incident was a direct challenge to Philippine sovereignty¹⁹ and a further escalation of Chinese aggression.

In 1992, the PRC published its "Law on the Territorial Sea and the Contiguous Zone of 25 February 1992."²⁰ This document restated the claims from 1958, but added, relevantly for this thesis, a provision on the contiguous zone, which goes out 12 nautical miles past the end of the territorial sea, stating that the PRC has security-related authority over this zone. This is contrary to UNCLOS article 33,²¹ which does not allow for security-related authority, and demonstrates China's growing assertiveness and focus on security (stronger claim) over more and more maritime space.

In 1996, China drew straight baselines around the Paracel Islands.²² This is significant not only because the Paracels remain disputed territory with Vietnam, but also because doing so allows China to claim vast expanses of maritime space in a non-militarized manner. Further, straight baselines for mid-ocean archipelagos are contrary to international law. The default method to draw baselines according to UNCLOS is at the low-water line point along the coastline, as specified in Article 5. Although specific instances for straight baselines do exist, the conditions do not apply to mid-ocean archipelagos, as UNCLOS makes clear in Articles 7 and 47.²³

¹⁸ "Spratly Skirmish – 1988," *Global Security*, 2014, <https://www.globalsecurity.org/military/world/war/spratly-1988.htm>.

¹⁹ LTC Stanley E. Meyer, "Incident at Mischief Reef: Implications for the Philippines, China, and the United States," U.S. Army War College, 1996.

²⁰ Government of the People's Republic of China, "Law on the Territorial Sea and the Contiguous Zone of 25 February 1992," 1992.

²¹ International Seabed Authority, "The Law of the Sea: Compendium of Basic Documents," 2001.

²² U.S. Department of State, "Straight Baselines Claim: China," *Limits in the Seas*, 1996.

²³ International Seabed Authority, "The Law of the Sea: Compendium of Basic Documents," 2001.

The period from the late 1990s into the 21st century marked a distinct transition in Chinese policy into one that prioritized its secondary objective, *wei wen*, or regional stability developed through improved regional integration. One of the early results of this policy switch was the Agreement on the Delimitation of the Territorial Seas, Exclusive Economic Zones, and Continental Shelves in the Beibu Gulf [Gulf of Tonkin], concluded with Vietnam in 2000.²⁴ This agreement established the first (and only) maritime boundary line for China and, interestingly, Vietnam gained slightly more maritime space, with China mentioning only that the agreement was based on “equality.”²⁵ This agreement (and the associated fisheries agreement) marks a clear Chinese priority in heightening regional stability and integration, but only in a region where the stability of the boundary and fisheries regime is of greater value than whatever China may have conceded.

Oft cited as an achievement for ASEAN, the 2002 Declaration on the Conduct of Parties in the South China Sea²⁶ (DOC) can be seen as a prime example of Chinese concessions to its weaker neighbors in order to consolidate its own gains while also regionalizing the issue. Although in the following years dialogue again increased between ASEAN countries and China amid relative peace and stability, the Declaration has no enforcement mechanisms, and no claimant state has fully complied with the DOC.²⁷ Instead, it seems likely that China continues to stall discussions on a more formal Code of Conduct while being able to maintain the image of a country interested in engaging in negotiations.

²⁴ An Agreement on Fishery Cooperation in the Beibu Gulf was also signed.

²⁵ Keyuan Zou, “The Sino-Vietnamese Agreement on Maritime Boundary Delimitation in the Gulf of Tonkin,” *Ocean Development and International Law* 36 (2005), 13-15.

²⁶ “Declaration on the Conduct of Parties in the South China Sea,” ASEAN, 2002, https://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2.

²⁷ Mingjiang Li, “Managing Security in the South China Sea: From DOC to COC,” *Kyoto Review of Southeast Asia* 15 (2014), <https://kyotoreview.org/issue-15/managing-security-in-the-south-china-sea-from-doc-to-coc/>.

In 2009, the Permanent Mission of the People's Republic of China to the United Nations submitted the nine-dashed line as a map for the first official time, in a notification in response to the Joint Submission by Malaysia and the Socialist Republic of Vietnam.²⁸ This marks a clear development in confidence by China in its position in the South China Sea, as well as a marked increase in assertiveness as China continues to see its share of regional power increase as a result of its continued economic growth. Significantly, the year marked a transition to a prioritization of *weiquan* and a new period of Chinese power, one where China is again more assertive and much less willing to give concessions. Renewed island grabbing activities and conflicts with other claimant states from this point on will be considered in chapter 3.

One significant structural indicator of China's shift from *weiwen* to *weiquan* is its militarization of the Coast Guard since 2013. Several different maritime law enforcement agencies began to be integrated into a new China Coast Guard:²⁹ while the ships are technically police forces, "their primary focus is what official Chinese texts refer to as *weiquan zhifa*, meaning, using law enforcement to safeguard Chinese rights and interests against foreign encroachment"³⁰ and according to Martinson can be seen as akin to a second navy³¹ without actually being a military force. These Coast Guard ships have played key roles in patrolling China's maritime claims throughout the South China Sea, as will be shown in the analysis of post-2009 Chinese engagements in chapter 3.

²⁸ Permanent Mission of the People's Republic of China to the United Nations, "Communication Dated 7 May 2009: CML/17/2009," 2009.

²⁹ Ryan Martinson, "The Militarization of China's Coast Guard," *The Diplomat*, 2014, <https://thediplomat.com/2014/11/the-militarization-of-chinas-coast-guard/>.

³⁰ Ryan Martinson, "China's Second Navy," *Proceedings*, 2015, <https://www.usni.org/magazines/proceedings/2015/april/chinas-second-navy>.

³¹ Ryan Martinson, "The Militarization of China's Coast Guard," *The Diplomat*, 2014, <https://thediplomat.com/2014/11/the-militarization-of-chinas-coast-guard/>.

A Discussion on Chinese Approaches to Law of the Sea and their Implications

In this section, I conclude by offering a brief assessment of the literature on Chinese approaches to Law of the Sea, which mirrors the developments shown. I begin by highlighting early approaches to international law, specifically law of the sea, focusing on the first couple decades after the founding of the People's Republic of China, when the communist government worked ardently to engage in international institutions and with international norms and worked to maximize its benefit from the existing order. I then transition to a discussion of the literature on Chinese actions today, specifically on how China's actions compare to conventions and in what areas China could be improving. While the Chinese government has remained vague on the meaning of the nine-dashed line, Chinese scholars today offer different insights into what the line could represent. Further, although the nine-dashed line has been invalidated by the 2016 South China Sea Arbitration decision, these texts nevertheless remain relevant because they further show that the Chinese both believe their claims are just and that they have no intention of following international law norms as set up by UNCLOS. Instead, China acts as a rising great power would be expected to do, by continuing to instrumentalize international law where it provides the greatest national benefit.

Significant literature exists on the origins of Chinese approaches to international law, and more specifically the law of the sea, stemming back to the first couple decades of the PRC and its engagement with international norms and institutions. In the descriptive 1969 article "Communist China and the Law of the Sea," Tao Cheng comments on the PRC's development over the twenty years since its founding in 1949 and frames his analysis of different relevant aspects of law of the sea with two factors that he argues played major roles in China's approach to law of the sea:

One is the periodic international tension involving Communist China, such as the 1958 crisis over the offshore islands, Quemoy and Matsu, which occasioned a major formal declaration by the Government of Communist China, the 'Declaration on China's Territorial Sea.' The other is Communist China's determination to exploit the oceans and their resources in spite of her limited capability to do so, which has taken the form of centrally planned and directed activities for developing ocean fisheries and transportation. These determined efforts and the resulting achievements or expectations are particularly significant in that they form, perhaps the most important reasons underlying Communist China's position on various problems of the law of the sea.³²

More concisely, Tao articulates that the primary concerns for China regarding law of the sea are territorial issues linked to security and economic issues based on exploitation of the ocean's resources, but, writing in 1969, Tao finds that the latter, the economic incentives, are even more significant. This analysis is in itself significant, as in 1969 China was still a weak power, not yet opened up to the world and not yet engaging in market reforms. Tao places emphasis on China's development of fishing resources³³ and its maritime transportation capabilities, such as port facilities and a merchant fleet,³⁴ all necessities to grow China's economy and become a maritime nation. Indeed, Tao states, "all these developments naturally made Communist China conscious of her new role (or anticipated new role) as a major user of the ocean, and consequently, exerted a strong influence on her interest in the law of the sea."³⁵ However, China was also undoubtedly interested in using law of the sea to protect and maximize its territorial sovereignty—Tao articulates China's focus on a territorial sea larger than the Western states' preferred 3 nautical miles (at the time of writing, UNCLOS 1982 did not yet exist, and territorial sea breadth was still in discussion) as part of a state's sovereignty and autonomy to decide. After an exhaustive analysis of how China approaches aspects of international law of the sea at the time of writing,

³² Tao Cheng, "Communist China and the Law of the Sea," *The American Journal of International Law* 63:1 (1969), 47.

³³ *Ibid.*, 48-50.

³⁴ *Ibid.*, 50-52.

³⁵ *Ibid.*, 52.

Tao reaches four significant conclusions regarding Chinese practice: 1) in the twenty years of its existence the PRC already encompassed almost all aspects and problems of law of the sea, 2) China is extremely sensitive to encroachment upon her rights by stronger powers, 3) China followed the 1958 UN Conference on the law of the sea in Geneva with great interest, and 4) Communist Chinese writings follow closely already made arguments and positions.³⁶ Although Chinese developments over the past decades have fundamentally changed the dynamic with which China looks at international law and at the global power balance, these conclusions are nonetheless significant in understanding Chinese interests and Chinese fears, useful in more completely understanding the nature of the possible threat of continued assertiveness.

Writing in more modern day, Guifang Xue, Director of and Professor at the Institute for the Law of the Sea, Ocean University of China, also analyzes China's approach to the law of the sea, but goes a step further to argue that although there are indeed areas where China's policies do not comply with the 1982 LOS Convention, China has made a solid faith effort to implement the convention. In this way, Xue looks at two points: "China's efforts to accommodate the challenges of the Convention to its ocean domain as a coastal State and its major maritime legislation to implement the Convention regime."³⁷ For this analysis, he highlights several concerns for China: China's desire to shift from a coastal to a maritime state,³⁸ validating Tao's analysis, China's security concerns as a land power that has suffered several foreign invasions from the sea, described as China's primary concern,³⁹ and China's interest in engaging with the 1982 LOS Convention but the country's simultaneous dissatisfaction with it.⁴⁰ Indeed, China's

³⁶ Tao Cheng, "Communist China and the Law of the Sea," *The American Journal of International Law* 63:1 (1969), 72-73.

³⁷ Guifang Xue, "China and the Law of the Sea: An Update," *International Law Studies* 84 (2008), 97.

³⁸ *Ibid.*, 97-98.

³⁹ *Ibid.*, 98.

⁴⁰ *Ibid.*, 98-99.

efforts to abide by international law are shown to be curtailed mostly by what Xue agrees is China's principal area of concern: security.⁴¹ In this frame, Xue nonetheless finds that China has been working to comply with the Convention and to update domestic laws and policy to do so. To what extent these changes will remain on the economic front remains to be seen, and the author makes no mention of possible changes relating to security and defense related positions.

Also discussing China's maritime posture over time from a more physical engagement and diplomacy focused position, Wei Zongyou, Professor at the Center for American Studies and research fellow at the Center for Taiwan Studies, Fudan University, Shanghai, argues that China has actually been acting with restraint and caution, but that China could still do more to engage in negotiation and diplomacy.⁴² Indeed, Wei argues that China do more to reassure to its regional neighbors that its intentions are benign. Wei offers the following: "A reconciliatory approach to maritime disputes will signal to the outside world that as China grows, it will not become a bully or threaten others—which can help assuage the concerns and worries that neighbors may have toward China. [...] It is a kind of reassurance and strategic signaling which will serve China's interests in the long run."⁴³ However, Wei here makes reassurance conditional, arguing that "it will be extremely difficult for the Chinese leadership to show such generosity in the aftermath of the domestically widely condemned arbitral ruling and amid rising nationalism, yet it is time to show strategic vision and true leadership."⁴⁴ While it is indeed true that the CCP is extremely cognizant of domestic rising nationalism that could become a dangerous force if unchecked, Wei's statement shifts the focus away from the CCP and onto other governments' actions. Indeed, he leaves out a discussion of the significant attempts at negotiation by the Philippines as

⁴¹ Guifang Xue, "China and the Law of the Sea: An Update," *International Law Studies* 84 (2008), 104.

⁴² Zongyou Wei, "China's Maritime Trap," *The Washington Quarterly*, 40:1 (2017), 180.

⁴³ *Ibid.*, 178.

⁴⁴ *Ibid.*, 178.

reported in their notification and statement of claim, instead portraying the CCP in a more benign light. Wei continues by providing evidence of Chinese restraint, such as not further escalating the conflict by declaring an ADIZ in the South China Sea or further island attacks. While he is indeed correct in stating that China has restrained from declaring “an ADIZ in the South China Sea” or from taking “new reclamation efforts in the Scarborough Shoal,”⁴⁵ his narrative serves to subtly place China out of the realm of aggressor nation and to give the country a continued identity as a relatively peaceful nation following principles of restraint that has been challenged and hampered in its benign intentions by the acts of other claimant states. Nonetheless, Wei’s perspective is helpful in understanding the official Chinese narratives and arguments, as they have significant political power over the success of both bilateral and multilateral negotiations, thus also in relevant international institutions.

Regarding China’s official claims in the South China Sea in the present day, several scholars view the nine-dashed line in a more ambiguous light and attempt to cast doubt upon the invalidity of the line. Zou Keyuan (2012) as well as Gao Zhiguo and Jia Bing Bing (2013) both find legitimacy for the nine-dash line, contrary to international law as later expressed in the 2016 South China Sea Arbitration Award.⁴⁶ Zou Keyuan, Professor of International Law at the Lancashire Law School, University of Central Lancashire, UK, discusses China’s recent usage of the U-shaped (nine-dashed) line, the validity and the legal implications of the line, and relevant regional countries’ engagement with the line. Zou argues that the line, as an official Chinese document, may have some legal force and that the ambiguity of the line makes it difficult for

⁴⁵ Zongyou Wei, “China’s Maritime Trap,” *The Washington Quarterly*, 40:1 (2017), 180.

⁴⁶ Although these articles came about before the 2016 South China Sea Arbitration award, the arguments made therein continue to be used by several Chinese scholars and remain relevant points of discussion.

claimant states to argue against the validity of the line using norms of international law.⁴⁷ In line with Wei, Zou finds that China has been attempting to apply UNCLOS to the South China Sea issue but also states that the nine-dashed line will hold China's legal and historical basis for its territorial and maritime claims in the South China Sea until the EEZ and continental shelf issues are solved for the relevant islands in the South China Sea.⁴⁸

Chinese scholars Gao and Jia, respectively of the China Institute of Marine Affairs, Beijing, and Tsinghua University School of Law, Beijing, are more direct in their assertion that the nine-dash line has footing in international law and, contrary to Zou's position that the line is ambiguous, present a proposition as to its identity and claims. Indeed, they argue that "The nine-dash line always had a foundation in international law. With regard to the islands that the line encloses, the customary law of discovery, occupation, and historic title provides that foundation."⁴⁹ Having rooted the line in law, they find that it has three meanings: "First, it represents the title to the island groups that it encloses. [...] Second, it preserves Chinese historic rights in fishing, navigation, and such other marine activities as oil and gas development in the waters and on the continental shelf surrounded by the line. Third, it is likely to allow for such residual functionality as to serve as potential maritime delimitation lines."⁵⁰ These claims are far reaching, and are rooted primarily in historic title. Indeed, UNCLOS does not fully address historic title, allowing the space for Gao and Jia (and the Chinese government) to make these eloquent arguments, which will likely continue to be expressed for the foreseeable future as China continues to grow and will likely play a role in further gains China plans on attaining.

⁴⁷ Keyuan Zou, "China's U-Shaped Line in the South China Sea Revisited," *Ocean Development & International Law* 43:1 (2012).

⁴⁸ *Ibid.*, 29.

⁴⁹ Zhiguo Gao and Bing Bing Jia, "The Nine-Dash Line in the South China Sea: History, Status, and Implications," 107 (2013), 123.

⁵⁰ *Ibid.*, 123-124.

CHAPTER 3

BALANCE OF THREAT IN THE SOUTH CHINA SEA

How have the medium power claimant states been pursuing their interests in the South China Sea in the face of China's growing threat in the South China Sea, and which country is in the best position to challenge China? This chapter uses Walt's balance of threat theory and introduces to it the concepts of "secondary or peripheral territories" and "intensity of interest or value of the object" to derive the factors necessary to assess which South China Sea claimant state is in the best position to defend its claim against Chinese encroachment. This is important because it is the application of these factors, weighed against Chinese interests, which will be used for this paper's ultimate assessment. I begin by situating the South China Sea issues into international relations (IR) theory discourse.

I first assess the current literature on IR theory applications on the South China Sea. Given this thesis' interest in which country is best situated to challenge China in the medium to long term, I specifically focus on discussions of balancing and bandwagoning, fundamentally aspects of realist thought. I assert that the South China Sea disputes, while of course also relevantly studied in their own right in regional isolation, fit into the greater systemic issue of great power conflict between China and the United States. There are two primary reasons for this: 1) China's desire to keep the issue regional, where it is the strongest power, and desire to push the United States, a major balancing player in the South China Sea, further out, and 2) the additive power of a relationship with the United States and the uncertainty to what extent the US will act, given its own great power interests vis-à-vis China. I then outline balance of threat theory, modifying the theory to incorporate relative perceptions of threat and the intensity of interest, before analyzing claimant state strength and weaknesses, and draw implications.

International Relations Theory in the South China Sea

The present literature on international relations theory in the South China Sea is abundant, often outdated given constantly changing developments, and profoundly inconclusive. Most scholars agree that the threat of China's rapid encroachment and engagement in the South China Sea is real and is serious, as I have shown in chapter 2—although some, such as Herscovitch (2018), find that the United States' concern with China's South China Sea policy is exaggerated. Herscovitch's argument is at its core an economic one, downplaying security concerns. He asserts, "China has a deep vested interest in ensuring that trade routes in the South China Sea remain open, and Beijing has no interest in military conflict with regional powers,"⁵¹ supporting these claims with the fact that blocked trade through the South China Sea would greatly hurt China's economy, given that China's resource imports travel through the Strait of Malacca and through the South China Sea. However, as with most economic-based arguments as touched upon in the introduction, Herscovitch does not go the step further. While it may be true that China has no interest in blocking shipping in the South China Sea, that may not be the country's main concern; if the United States protects freedom of navigation in the South China Sea, then the United States may have the capabilities to prevent valuable resources from reaching China. In this way, the concern for China regarding maritime transport is not an economic one at heart, it is a resource security concern. It is quite possible, and as shown in chapter 2 suggested by several Chinese scholars, that China feels uniquely vulnerable from the sea; this perceived vulnerability and threat to its security may very well extend to maritime transport. Turning this vulnerability around, China fundamentally has a security interest in maximizing its position in the South China Sea, even to the extent to desire ultimately to push the United States out. In this

⁵¹ Benjamin Herscovitch, "A Balanced Threat Assessment of China's Sea Policy," *CATO Institute*, 820, 2017, <https://www.cato.org/publications/policy-analysis/balanced-threat-assessment-chinas-south-china-sea-policy>.

way, Herscovitch ignores the steppingstone nature of Chinese developing assertiveness, and China's long-term ambitions greatly heightens the *perceived* threat to relevant claimant countries.

Kang (2003) also argues that unlike the conventional understanding of balancing in the South China Sea, "there is likely to be far more stability in Asia-and more bandwagoning with China-than balance of power theorists expect."⁵² Kang also uses economic arguments to show that claimant countries have become closer to China, for example asserting that Vietnam has not armed against China and is instead developing a stable relationship through trade and investment.⁵³ However, just because economic links exist between countries does not mean that political alignment has occurred and is not indicative of the security relationship. Indeed, as will be shown in chapter 5, Vietnam has been engaging in significant military development as China's assertiveness increases and claimant countries often vocalize their disapproval of Chinese encroachment, even with economic links. Further, Kang ignores the balancing role that the United States plays in the region, which actually may allow other states to avoid having to balance against China themselves.⁵⁴

Given the military and resource nature of the conflict in the South China Sea, and the great amount of Chinese literature on their emphasis on security, the realist framework arguably offers the most helpful theoretical basis for an understanding of how and why different claimant states act in the way they do. As presented in the introduction, Mearsheimer describes the great-power conflict between the United States and China very eloquently, asserting China will

⁵² David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, 27:4 (2003), 82.

⁵³ *Ibid.*, 80-81.

⁵⁴ Peter Dutton, "Viribus Mari Victoria? Power and Law in the South China Sea," Paper presented at a conference on Managing Tensions in the South China Sea, Center for Strategic and International Studies, Washington, DC, June 5-6, 2013, 9.

continue to work to push the United States further and further out of the South China Sea and strive to become a regional hegemon (of course, assuming China's economic continues to grow as it has been, a looming and important question outside the scope of this thesis). While Mearsheimer's analysis clarifies the nature of great-power conflict and the rise of China, his finding that claimant states should all be balancing with the United States against China stems from a more black-box type analysis, and is limited in its application by its lack of integration of several factors not specifically related to hard power. These factors lie in the realm of perceived threat and intentions, related to but distinct from pure power dynamics.

Balance of Threat Methodology

This thesis analyses the South China Sea disputes by modifying the Balance of Threat framework of balancing and bandwagoning, as developed by Stephen Walt in *The Origins of Alliances* (1985). Balance of threat theory is distinct from the traditional realist balance of power in that "states ally to balance against threats rather than against power alone. Although the distribution of power is an extremely important factor, the level of threat is also affected by geographic proximity, offensive capabilities, and perceived intentions."⁵⁵ In this context, states balance against a rising power not solely because of its power, but because of the nature of its intentions. This distinction between a benign and adversarial power is important because it sheds light on why countries might side with, in this case, the United States or China. Siding with China would be considered bandwagoning, knowingly joining the adversarial power. Walt describes three reasons why a state might bandwagon:

weak states are more likely to bandwagon than strong ones—for two reasons: they are more vulnerable to pressure, and they can do little to determine their own fates,"⁵⁶ "states

⁵⁵ Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), 5.

⁵⁶ *Ibid.*, 173.

are more likely to bandwagon when useful allies are unavailable, for they will face the threat alone if they choose to resist,”⁵⁷ and “the decision to bandwagon with a threatening power is based ultimately on the hope that such a step will moderate its aggressive intentions.”⁵⁸

These metrics will be used throughout this chapter.

This thesis modifies balance of threat by adding and focusing on two new concepts: 1) secondary or peripheral territories and 2) value of the object. General realist theory and indeed Walt’s discussion is rooted in the US-USSR dichotomy of the Cold War, in which balancing took on a very military-based connotation related to a state’s territorial integrity. The South China Sea conflict, on the other hand, deals with disputed uninhabited, maritime territories that are of secondary importance to claimant states, and different states have different priorities. This distinction is not one made in the general realist literature on the region, but is significant in that it changes the way states value the object, the second factor. Indeed, China as a rising great power of course has an intense global security interest, with all the facets as presented in Chapter 2, and has a lesser economic interest. Vietnam for example has a security interest, but this is of a regional nature, and Vietnam’s economic interests are arguably more intense and as will be shown, Vietnam has been avid in pursuing and protecting these economic interests over resources. Balance of threat therefore becomes more complicated. China’s threat is a global one, the US-led maritime coalition working to contain China’s rise. The other claimant states’ threat is China, a regional issue. This chapter and indeed this thesis’ contribution is therefore adding and assessing these distinctions in a situation where the stakes are substantially less than the survival of the state.

⁵⁷ Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), 175.

⁵⁸ *Ibid.*, 176.

Case Studies

To determine how claimant states have been acting in the face of Chinese threat as specified in Chapter 2, I apply the modified balance of threat theory to three relationships in the South China Sea: the Philippines - China, Malaysia - China, and Vietnam - China. Beyond how states have acted in actual military encounters with China, how states leverage their South China Sea claims in their relations with China serves as one metric through which balancing and bandwagoning will be measured. In addition, given the security-focused nature of the threat, military interactions, engagement, and buildup become metrics for determining balancing. While economic engagement is not necessarily determinant of bandwagoning, as mentioned above, I engage in brief economic analysis to determine 1) the degree of reliance regional claimant states have on their economic engagement with China, and 2) how claimant states have dealt with this reliance. These two factors help to determine the level of independence a claimant state may have which has implications for the state's relative ability to defend its claims.

While Brunei and Taiwan also have claims to the South China Sea, I do not consider either in this paper, as Brunei is not a middle power and the special Taiwan – China relationship adds several extraneous variables that place it outside the scope of this paper. Further, it is important to note that none of the assessed states bandwagon with China specifically on the issue of the South China Sea and I do not claim this to be the case; that is to say, each country fiercely defends its territory and resource claims and does not waver on this position, especially domestically. However, the way countries instrumentalize the overlapping claims in interactions with China sheds light on larger scope balancing or bandwagoning, such as through downplaying the nature of the disputes for greater investment promises from China.

This thesis also uses the 2016 South China Sea Arbitration decision as a node to analyze claimant state actions before and after the decision. Before the decision, and after 2009 when China first officially posted its nine-dashed line and began prioritizing *weiquan*, although claimant states refuted the legality of the line, no legal decision through an international court or tribunal had been made. After the decision, however, claimant states in theory had greater legitimizing institutional power and political power to their own claims. The holdings were an almost landslide victory for the Philippines, validating the country's claims to its Exclusive Economic Zone (EEZ) and continental shelf as well as invalidating the People's Republic of China's nine-dashed line claims.⁵⁹ However, while the judgment itself was clear, the aftermath has been anything but, with China entirely rejecting the ruling. Nonetheless, I use the year 2016 because the decision has important legal implications for all claimant states, and the way each state reacts to this legal document (which of course has no enforcement options) is a good indication of their approach to China. Further, all claimant states analyzed in this paper have commented on and interacted with the decision.

The Philippines

The Philippines' official approach to its claims in the South China Sea has depended on the ruling government's affinity for China and Chinese promises for investment in the Philippines. Discussing Sino-Philippine relations through different administrations, O'Neill gives a detailed account of the shift toward China during Gloria Macapagal-Arroyo's presidency from 2001 to 2010,⁶⁰ especially for economic aid and investment projects to help the Philippines'

⁵⁹ South China Sea Arbitration (Republic of Philippines v. People's Republic of China), Award, 2016, P.C.A. July 11.

⁶⁰ Daniel C. O'Neill, *Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection* (Hong Kong: Hong Kong University Press, 2018), 146-178.

economy. During this time period, which coincides with China's emphasis on *weiwen*, the Philippines did witness significant GDP per capita growth, from less than USD\$1000 in 2001 to close to USD\$2000 in 2008,⁶¹ which signifies positive economic growth for a country that still faces extreme poverty. However, as O'Neill explains, "by pursuing stronger bilateral ties with China, the Arroyo administration opened itself to benefitting from one of the major foreign policy tools used by the Chinese to gain influence in foreign states: foreign aid and loans, often in support of investment projects by Chinese state-owned enterprises (SOEs)."⁶² These deals for investment were often made in questionable ways, through secret deals and corruption at the highest levels of government; indeed, Arroyo was already considered the most corrupt Philippine leader in 2007, due to scandals involving investment deals with China during her presidency.⁶³ Significantly, according to a Wikileaks cable cited by O'Neill, the Arroyo administration may have allowed a joint seismic exploration deal with China in return for bribes and loans.⁶⁴ This time period, one without major official challenge to China and with severe concession to the Philippines' sovereign claims, may be considered as attempted bandwagoning.

President Benigno Aquino III, taking office in 2010, returned to an assertive stance against China, in the period after the official posting of China's nine-dash line and beginning of *weiquan*. Indeed, it was during his administration that the Scarborough Shoal Incident occurred,

⁶¹ The World Bank, "GDP per capita (current US\$)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2018&locations=PH&start=1992>. I chose this time frame because there was indeed a dip in GDP per capita in 2009, but this is most likely related to the global financial crisis of the time, and not indicative of a change in policy by President Arroyo. The period from 2009 to 2010 witnessed a jump to over USD\$2000.

⁶² Daniel C. O'Neill, *Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection* (Hong Kong: Hong Kong University Press, 2018), 159.

⁶³ Raju Gopalakrishnan, "Arroyo 'most corrupt' Philippine leader: poll," *Reuters*, 2007, <https://www.reuters.com/article/us-philippines-arroyo/arroyo-most-corrupt-philippine-leader-poll-idUSSP30281220071212>.

⁶⁴ Daniel C. O'Neill, *Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection* (Hong Kong: Hong Kong University Press, 2018), 164.

which can be considered the beginning of China's renewed assertiveness following the 2009 nine-dashed line submission. In the incident, which occurred in April 2012, Chinese fishermen anchored at Scarborough Shoal, a feature in the Spratlys which was under *de facto* Philippine control. A standoff ensued between Philippine naval frigates and Chinese Coast Guard vessels (see Chapter 2). The Philippines attempted to internationalize the issue by appealing to ASEAN and by attempting to increase American involvement. The Philippines eventually withdrew, reportedly following US negotiations with China, while China did not withdraw, and possession was *de facto* transferred to China.⁶⁵ There are several major implications of this incident. The first is the most obvious: the Philippines cannot militarily balance against China. More significant is that the United States, a Philippines defense ally, did not go to the defense of the Shoal, a secondary interest for the Philippines and one which the US is unlikely to sour its great power relationship with China over. Evidentially, the Philippines is in a relatively weak position to protect its interests in the South China Sea.

Although in traditional terms The Philippines could not balance given a lack of regional alliances and uncertain commitment by the United States regarding disputed territory, the country however made use of its institutional power⁶⁶ and on 22 January 2013, began an arbitration case against China concerning “the role of historic rights and the source of maritime entitlements in the South China Sea, the status of certain maritime features in the South China Sea, and the lawfulness of certain actions by China in the South China Sea that the Philippines alleged to be in violation of”⁶⁷ UNCLOS. The arbitration case was not just a challenge to

⁶⁵ Michael Green et al, “Counter Coercion Series: Scarborough Shoal Standoff,” *CSIS Asia Maritime Transparency Initiative*, 2017, <https://amti.csis.org/counter-co-scarborough-standoff/>.

⁶⁶ See Peter Dutton, “Viribus Mari Victoria? Power and Law in the South China Sea,” Paper presented at a conference on Managing Tensions in the South China Sea, Center for Strategic and International Studies, Washington, DC, June 5-6, 2013.

⁶⁷ South China Sea Arbitration (Republic of Philippines v. People's Republic of China), Award, 2016, P.C.A. July 11. (Summary at <https://pca-cpa.org/en/cases/7/>).

excessive Chinese claims and aggressive actions in the South China Sea, it was also a sign by the Philippines that it did not see the bilateral negotiations that China prefers to be beneficial to its national security and interests and, more broadly, that middle powers have more tools at their disposal. Indeed, this period was also known for growing closer ties with the United States, and requests for greater US support against China.⁶⁸

However, even following the arbitration decision largely favoring the Philippines, the country's official approach has continued to depend on the ruling government's affinity for China; indeed, the current administration has in practice sidelined the issue. These are indeed secondary interests, and the Philippines is reliant on China for economic development and growth. According to coverage by Reuters in 2016, the same year as the arbitration decision, "The South China Sea arbitration case will 'take the back seat' during talks with China, Philippine President Rodrigo Duterte said on Wednesday in Beijing, adding that he would wait for the Chinese to bring up the dispute rather than doing so himself."⁶⁹ This attitude is in line with President Duterte's shift away from the United States and closer to China, even though the military alliance remains strong. Indeed, Duterte's policies are reminiscent of those under former President Arroyo, whose administration was involved in Chinese investments plagued by corruption and secret dealings. Unsurprisingly, Arroyo is a foreign policy advisor to Duterte.⁷⁰

Nonetheless, President Duterte continues to express populist nationalist statements regarding Philippine sovereignty, statements wholly contradictory to his sidelining of the

⁶⁸ Manuel Mogato and Megha Rajagopalan, "Philippines seeks help from U.S. in South China Sea Dispute," *Reuters*, 2015, <https://www.reuters.com/article/us-southchinasea-philippines-usa/philippines-seeks-help-from-u-s-in-south-china-sea-dispute-idUSKBN0N616A20150415>.

⁶⁹ Benjamin Kang Lim, "Philippines' Duterte says South China Sea arbitration case to take 'back seat'," *Reuters*, 2016, <https://www.reuters.com/article/us-china-philippines-idUSKCN12J10S>.

⁷⁰ Richard Heydarian, "Could a China-Philippine joint development deal be the way forward in the South China Sea?" *South China Morning Post*, 2018, <https://www.scmp.com/news/china/diplomacy-defence/article/2139762/could-china-philippine-joint-development-deal-be-way>.

arbitration decision. As reported in the L.A. Times, Duterte stated in April 2019, “I will not plead or beg, but I am just telling you [to] lay off the Pag-Asa because I have soldiers there. If you touch that, that’s a different story. I can tell my soldiers, ‘Prepare for suicide missions.’”⁷¹ Earlier, in 2018, the Philippine Foreign Minister was quoted as saying, ““(Beijing) said some red lines, we said some red lines ... The President has already said that. If anyone gets the natural resources in the Western Philippines Sea, South China Sea, he will go to war. He said, “Whatever happens, happens.” He will go to war.””⁷² Yet, these statements go contrary to official economic talks with China: early in 2018, the two countries began discussing Joint Development in the contested region,⁷³ which can be considered yet another sidelining of Philippine sovereign claims. Indeed, any Joint Development possible between the two countries inherently rests on the results of the Arbitration decision, as “the Philippine constitution bars joint exploration and development within the Philippines’ exclusive economic zone (EEZ) with another sovereign entity that does not recognize Manila’s claims.”⁷⁴

As the Philippines is a democracy, Duterte’s pro-China position can only go so far, and the President faces significant pressure at home to move away from China and to uphold the arbitration decision. Vocal opposition comes from members of the previous administration, such as when “former Philippine Foreign Secretary Albert del Rosario, who spearheaded the arbitration suit, called China a ‘grand larcenist’ for pressing its territorial claims despite the July

⁷¹ Ana P. Santos and David Pierson, “Duterte heeds pressure to confront China as midterms approach in the Philippines,” *Los Angeles Times*, 2019, <https://www.latimes.com/world/la-fg-philippines-china-backlash-20190415-story.html>. Quotations and edits by the LA Times.

⁷² Ben Westcott, “Duterte will ‘go to war’ over South China Sea resources, minister says,” *CNN*, 2018, <https://www.cnn.com/2018/05/29/asia/duterte-cayetano-south-china-sea-intl/index.html>. Quotations and edits by CNN.

⁷³ Richard Heydarian, “Could a China-Philippine joint development deal be the way forward in the South China Sea?” *South China Morning Post*, 2018, <https://www.scmp.com/news/china/diplomacy-defence/article/2139762/could-china-philippine-joint-development-deal-be-way>.

⁷⁴ Ibid.

12, 2016, decision and labeled the Philippines a ‘willing victim’ for allowing such defiance.”⁷⁵

These comments can be seen as a push against bandwagoning. In addition, in May of 2019, “the Philippine Supreme Court ordered the government and security agencies on Friday to protect the environment in disputed areas of the South China Sea, responding to fishermen’s complaints of inaction against illegal Chinese activity.”⁷⁶ This represents a significant challenge to Chinese action, something that has not been seen by the executive branch of the government.

Under Duterte then, although domestic forces have limited his (and Arroyo’s) ability to fully follow China, the Philippines has been following a path which could be considered a form of bandwagoning. Given Walt’s three motivations for a country to bandwagon, the third, that of believed mitigation of threat, is of course the most obviously applicable to the Philippines.

Duterte believes that standing up to China leads to war,⁷⁷ resulting in the sidelining of his country’s victory through international law, a victory not likely to help in pure power politics.

Further, Duterte may not feel that the historic alliance with the United States can help the Philippines enough, considering for example the US response to the Scarborough Shoal incident.

However, China has become increasingly assertive in its claims over the South China Sea,⁷⁸ irrespective of whether the government is bandwagoning or not. Given the different positions that Duterte has expressed and the continuously increasing assertiveness and coercion shown by China, it is apparent that bandwagoning as under the Arroyo administration is no longer fully

⁷⁵ Associated Press, “Duterte pressed to assert 2016 arbitration victory vs China,” *Associated Press*, 2018, <https://www.apnews.com/3f91ca8ac7c449c483c032f6d54bff46>.

⁷⁶ Reuters, “Top Philippine court orders government to protect South China Sea,” *Reuters*, 2019, <https://www.reuters.com/article/southchinasea-philippines/top-philippine-court-orders-government-to-protect-south-china-sea-idUSL3N22F22P>.

⁷⁷ Panos Mourdoukoutas, “South China Sea: Indonesia And Vietnam Prove Duterte Wrong,” *Forbes*, 2019, <https://www.forbes.com/sites/panosmourdoukoutas/2019/02/28/south-china-sea-indonesia-and-vietnam-prove-duterte-wrong/#81bba591e858>.

⁷⁸ Richard Heydarian, “Why China’s ‘militiasation’ of the South China Sea needs a review by the Philippines-US alliance,” *South China Morning Post*, 2019, <https://www.scmp.com/news/china/diplomacy/article/3019060/why-chinas-militiasation-south-china-sea-needs-review>.

possible, and that at least the foreign affairs and military echelons of the government are increasingly pressing for balancing.

Verdict: The Philippines is not in the best position to defend its claims against China.

Malaysia

Before the arbitration position, Malaysia pursued an overall quiet diplomacy with China, especially regarding South China Sea issues. This approach is articulated quite well by Prashanth Parameswaran in an article for the Center for a New American Security published in February 2015. Also looking since 2009, Parameswaran finds that, even given increased aggressive Chinese naval actions in 2013 and 2014, “Malaysia continues to adopt a ‘playing it safe’ approach on the South China Sea issue, pursuing a combination of diplomatic, legal, economic, and security initiatives that can secure its interests as a claimant state while being careful not to disrupt its vital bilateral relationship with China.”⁷⁹ Malaysia engages in activities that can be considered bandwagoning. Indeed, Parameswaran writes that Malaysia has been treated more mildly compared to vocal states such as Vietnam and the Philippines,⁸⁰ which could be interpreted as the success of its bandwagoning policies. However, factoring in the geographic proximity of Vietnam and the Philippines, and the fact that China has been incrementally increasing its claims in the South China Sea, the positive effects may in fact be limited. In addition, although Malaysia often supported ASEAN and international law during this time period, the country did not at the time of the article, 2015, support the South China Sea

⁷⁹ Prashanth Parameswaran, “Playing it Safe: Malaysia’s Approach to the South China Sea and Implications for the United States,” Center for a New American Security: Maritime Strategy Series, 2015, 4.

⁸⁰ Ibid., 6.

arbitration case, despite suggestions from the United States and the Philippines.⁸¹ This demonstrated a lack of willingness by Malaysia to engage even with institutional power at the time. Adding in the factor that Malaysia is very weak militarily relative to China,⁸² Malaysia's policy during this time period before the arbitration decision may be seen as bandwagoning.

After the arbitration decision, Malaysia under Prime Minister Najib Razak, was more vocal, but continues to pursue quiet diplomacy, with some changes. In a report written in December 2016, after the arbitration decision, Parameswaran reflects on Malaysia's "playing it safe approach" and argues that Malaysia is still playing between an increasing bilateral relationship with China and a more assertive ASEAN position combined with a stronger position over its own claims in the South China Sea.⁸³ Malaysia has indeed been moving even closer to China in the period after the decision, despite increasing Chinese encroachment in disputed waters. The country, under Najib Razak's leadership, signed on the Belt and Road Initiative (BRI), about which the Malaysian Prime Minister in a 2017 opinion piece in the *South China Morning Post* stated, "The Belt and Road Forum for International Cooperation has an emphasis on mutual discussion, mutual construction and mutual sharing. This is greatly welcomed, and I am confident that the agreements many of the participants, including Malaysia, will be signing will set us on a strong footing for the next phase of this remarkable plan."⁸⁴ The new Prime Minister since 2018, Mahathir Mohamad, has not shifted far from this economic position, only adding that the BRI investments should use local labor and capital which would actually benefit

⁸¹ Prashanth Parameswaran, "Playing it Safe: Malaysia's Approach to the South China Sea and Implications for the United States," Center for a New American Security: Maritime Strategy Series, 2015, 7.

⁸² Ibid., 8.

⁸³ Prashanth Parameswaran, "Malaysia's Approach to the South China Sea Dispute after the Arbitral Tribunal's Ruling," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, 38:3, 2016, 378-379.

⁸⁴ Najib Razak, "Why Malaysia supports China's belt and road," *South China Morning Post*, 2017, <https://www.scmp.com/comment/insight-opinion/article/2094094/why-malaysia-supports-chinas-belt-and-road>.

Malaysia.⁸⁵ While Malaysia did not negate the arbitration decision and did continue to express its claims, the country can still be seen mostly as bandwagoning.

It is true that Malaysia has engaged in measures that help defend its interests in the South China Sea, and the country clearly challenges China's claims and leadership in the region, mainly through use of its institutional power. The 2009 joint submission with Vietnam occurred during a period of relative calm and did indeed prompt China to officially submit its nine-dashed line. Further, Malaysia submitted to the Commission on the Limits of the Continental Shelf for a second time in 2019.⁸⁶ More actively, Malaysia has been drilling in disputed waters off the coast of East Malaysia since October 2019, which has elicited a significant response both by Chinese and Vietnamese maritime forces.⁸⁷ These oil resources are significant for Malaysia, as the country's economy largely depends on oil and natural gas.⁸⁸ For Malaysia, the interest in the region is much more economic than it is security-based, and these actions are not balancing actions against China. Instead, Malaysia consistently seems to be attempting to increase its institutional legitimacy but continues to value its relationship with China. In any event, no escalated conflict has occurred yet against Malaysian drilling, which stands in stark contrast to incidents between China and both the Philippines and Vietnam, two countries that much more

⁸⁵ Zuraidah Ibrahim and Bhavan Jaipragas, "Nothing to fear from China, says Malaysia's Mahathir Mohamad, but lopsided deals must end," *South China Morning Post*, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2151451/nothing-fear-china-says-malaysias-mahathir-mohamad-lopsided>.

⁸⁶ Malaysia, "Malaysia Partial Submission to the Commission on the Limits of the Continental Shelf pursuant to Article 76, paragraph 8 of the United Nations Convention on the Law of the Sea 1982 in the South China Sea," 2017, https://www.un.org/Depts/los/clcs_new/submissions_files/mys85_2019/20171128_MYS_ES_DOC_001_secured.pdf.

⁸⁷ Dzirhan Mahadzir, "USS America Now Steaming Near South China Sea Standoff," *USNI News*, 2020, https://news.usni.org/2020/04/20/uss-america-now-steaming-near-south-china-sea-standoff?utm_source=USNI+News&utm_campaign=59f7050c97-USNI+NEWS+DAILY&utm_medium=email&utm_term=0_0dd4a1450b-59f7050c97-231229141&mc_cid=59f7050c97&mc_eid=1b276a7349.

⁸⁸ "Exports markets – Malaysia," Australian Trade and Investment Commission, 2020, <https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Malaysia/Industries>.

vocally assert defense related aspects of the dispute. Malaysia has so far been quiet, and only legally but not operationally confrontational. Further, Malaysia has seemingly moved away from an internationalization of the issue, agreeing to engage in a bilateral joint dialogue mechanism,⁸⁹ in which China has the clear power advantage. In this way, it seems that, as mentioned previously, beyond the extra security of geography for Malaysia, some sort of understanding may exist between its government and that of China which has lessened China's perceived threat for Malaysia.

Verdict: Malaysia does not align its interests to be in the best position to defend its claims against China.

Vietnam

Vietnam and China have a long history of military clashes and divergent interests along their land border, a tradition which has continued in the disputed waters, especially above oil fields, in the South China Sea. During the Cold War, Vietnam was supported by the Soviet Union, siding and balancing with the USSR after the Sino-Soviet split, and the country has not been scared to challenge Chinese pressure and influence. Indeed, the joint submission by Vietnam and Malaysia to the Commission on the limits of the Continental Shelf in 2009 started the legal confrontation against China and influenced the legal submissions of other countries, especially the Philippines' arbitration case. One significant standoff occurred in May 2014, when Chinese ships allegedly rammed Vietnamese ships following a Vietnamese challenge to Chinese

⁸⁹ Kinling Lo, "China, Malaysia seek to resolve South China Sea disputes with new dialogue mechanism," *South China Morning Post*, 2019, <https://www.scmp.com/news/china/diplomacy/article/3026957/china-malaysia-seek-resolve-south-china-sea-disputes-new>.

drilling in disputed waters around the Paracel Islands.⁹⁰ Unsurprisingly, Vietnam expressed great support for the Philippines' filing of the arbitration decision, and in late 2014 sent its own statement to the Permanent Court of Arbitration recognizing the Court's jurisdiction, asking the court to give 'due regard' to its claims in the South China Sea, and rejecting China's nine-dash line.⁹¹ However, Vietnam prudently also considers its geographic position neighboring China and the importance of relative peace in the region developed with China over the past several years through strong diplomatic ties; these constraints, as well as a still developing navy, have led, according to a 2011 essay by Vietnam expert Carlyle A. Thayer, Vietnam to continue to defer to China's power and importance.⁹² Indeed, geographic proximity to China plays a significant role in why countries may bandwagon, but is only one of the factors.

After the arbitration decision, Vietnam has been considerably more vocal about the application of international law and about the importance of the role of ASEAN in providing peace and security in the South China Sea (discussed in detail in chapter 5), while China has increasingly encroached upon Vietnamese claims. For example, a senior Vietnamese official threatened in 2019 to bring China to arbitration if it did not back off of Vanguard bank.⁹³ Further, Vietnam has pursued increasingly close ties with the United States, and in 2016 the United States lifted an arms embargo on lethal weapon sales to Vietnam.⁹⁴ In the same vein,

⁹⁰ BBC News, "China warns Vietnam over stand-off in South China Sea," *BBC*, 2014, <https://www.bbc.com/news/world-asia-27332723>.

⁹¹ Zuraidah Ibrahim and Kristine Kwok, "Beijing rejects Hanoi's legal challenge on Spratly, Paracel islands disputes," *South China Morning Post*, 2014, <https://www.scmp.com/news/china/article/1661364/china-rejects-vietnam-claims-arbitration-submission-over-south-china-sea>.

⁹² Carlyle A. Thayer, "The Tyranny of Geography: Vietnamese Strategies to Constrain China in the South China Sea," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, 33:3, 2011, 364.

⁹³ James Pearson and Khanh Vu, "Vietnam mulls legal action over South China Sea Dispute," *Reuters*, 2019, <https://www.reuters.com/article/us-vietnam-southchinasea/vietnam-mulls-legal-action-over-south-china-sea-dispute-idUSKBN1XG1D6>.

⁹⁴ Teddy Ng, "China 'may need a rethink' as Vietnam moves closer to US," *South China Morning Post*, 2016, <https://www.scmp.com/news/china/diplomacy-defence/article/1958839/china-may-need-rethink-vietnam-moves-closer-us>.

Vietnam has been significantly increasing its defense spending and is working on modernizing and improving its military forces to include anti-access capabilities with submarines and missiles.⁹⁵ In a clear sign of balancing with a major regional power interested in preserving international law and curbing Chinese advances, Vietnam and Indonesia held their first round of new defense dialogue. As Parameswaran notes, “as Indonesia-Vietnam relations have developed over the years, from a comprehensive partnership agreement signed in 2003 to a strategic partnership in 2013, the two countries have also looked to make progress in the security domain as well in a notable example of greater intra-Asian security networking between influential Southeast Asian states.”⁹⁶ Indonesia also engages in soft level balancing (as shown in the next section), and although it is not a claimant state, has interests in keeping China away from its Natuna Sea. Although Indonesia and Vietnam have their own issues related to breaching of international law, such as illegal Vietnamese fishing in Indonesian waters,⁹⁷ the two countries seem to be beginning to develop a framework of low-level balancing.

While China has continued to be able pressure Vietnam into stopping oil drilling,⁹⁸ which suggests a limit on Vietnam’s current ability to challenge China and, possibly, a limit on the scope of current US-Vietnam security agreements, Vietnam has not made any major concessions to China. Indeed, China and Vietnam have continued to engage in naval standoffs in the disputed waters, creating a large risk of escalation.⁹⁹ While Vietnam eventually backs down in standoffs,

⁹⁵ Zachary Abuza and Nhat Anh Nguyen, “Vietnam’s Military Modernization,” *The Diplomat*, 2016, <https://thediplomat.com/2016/10/vietnams-military-modernization/>.

⁹⁶ Prashanth Parameswaran, “What’s in the New Indonesia-Vietnam Defense Dialogue?” *The Diplomat*, 2019, <https://thediplomat.com/2019/06/whats-in-the-new-indonesia-vietnam-defense-dialogue/>.

⁹⁷ Ibid.

⁹⁸ Bill Hayton, “South China Sea: Vietnam 'scraps new oil project',” *BBC*, 2018, <https://www.bbc.com/news/world-asia-43507448>.

⁹⁹ Zhen Liu, “China and Vietnam in stand-off over Chinese survey ship mission to disputed reef in South China Sea,” *South China Morning Post*, 2019, <https://www.scmp.com/news/china/diplomacy/article/3018332/beijing-and-hanoi-stand-over-chinese-survey-ship-mission>.

given China's significantly greater military strength and Vietnam's desire to preserve peace, Vietnam continues to publicly express its claims. In addition, Vietnam's engagement with foreign actors shows a significant attempt to internationalize the economic issue in clear defiance of Beijing's claims and preference for bilateralism. Introducing great power interests has especially played out favorably for Vietnam, as Russian¹⁰⁰ and US¹⁰¹ oil interests have given Vietnam leverage in the recent Vanguard Bank incident. Significantly, Vietnam has found useful allies in several international actors and does not engage China in an attempt to lower the risk of aggression, as have the Philippines in certain cases and Malaysia more broadly. However, lack of greater balancing in this manner therefore makes significant sense. It is unlikely that regional Southeast Asian states will antagonize China in the short to medium term given their current course of action, and Vietnam still shares ideological ties and a land border with its northern neighbor. Nonetheless, of the three claimant states Vietnam has placed itself to be in the most powerful position to challenge China's assertiveness.

Verdict: Relative to other claimant states, Vietnam is best situated to defend its claims against China, given the intense security-related nature of its valuation of the conflict.

Indonesia

Although Indonesia is not a claimant of maritime features in the South China Sea and is geographically relatively more distant from China than are Vietnam, the Philippines, and

¹⁰⁰ Bennett Murray, "Vietnam's Strange Ally in its Fight with China," *Foreign Policy*, 2019, <https://foreignpolicy.com/2019/08/01/vietnams-strange-ally-in-its-fight-with-china/>.

¹⁰¹ Philip Heijmans and Stephen Stapczynski, "Exxon's South China Sea Oil Project Tests Chinese Influence," *Bloomberg*, 2019, <https://www.bloomberg.com/news/articles/2019-09-23/exxon-s-south-china-sea-oil-project-tests-chinese-influence>.

Malaysia, China's ambition to control the southern tip of its nine-dashed line and the conflict with Jakarta that this poses warrants a brief discussion. Indeed, the location of the southern tip of the nine-dashed line, which remains vague, overlaps the waters in the northeastern portion of the EEZ around Indonesia's Natuna Island group.¹⁰² While both Jakarta and Beijing acknowledge that the archipelago belongs to Indonesia, China has not been transparent about its intentions in regard to its resource claims in the waters surrounding it.¹⁰³ If the archipelago belongs to Indonesia, China has no legitimate claim to the resources, as claims to waters come from claims to land. However, as China's gaze continues further south and its regional assertiveness increases, as has been shown to be the case over the last decade, Indonesia is increasingly wary that it may be embroiled in the South China Sea dispute. What follows is an assessment of Indonesian positions and actions since 2009, the year the PRC first introduced a map of the nine-dash line claim in international correspondence, but especially since 2014, the year which marked the beginning of the *de facto* China-Indonesia maritime dispute.

Indonesia has traditionally claimed that no dispute exists in the Natuna Sea, and has consistently supported the text and implications of the United Nations Convention on the Law of the Sea (UNCLOS). The rejection of having a dispute with China is in itself significant and is a cornerstone of Indonesia's approach: by doing so, Indonesia avoids potentially legitimizing China's claims and that of the nine-dash line. Instead, Indonesia responded in 2010 to China's nine-dash line submission restating that the country is not a claimant State and asserting that the nine-dashed line "lacks international legal basis and is tantamount to upset the UNCLOS 1982," based on an assessment that "allowing the use of uninhabited rocks, reefs, and atolls isolated

¹⁰² Zachary Keck, "China's Newest Maritime Dispute," *The Diplomat*, 2014, <https://thediplomat.com/2014/03/chinas-newest-maritime-dispute/>.

¹⁰³ Ankit Panda, "Indonesia Keeps an Eye on the Natuna Archipelago," *The Diplomat*, 2014, <https://thediplomat.com/2014/08/indonesia-keeps-an-eye-on-the-natuna-archipelago/>.

from the mainland and in the middle of the high sea [referring to the remote and small features in the South China Sea] as a basepoint to generate maritime space concerns the fundamental principles of the Convention and encroaches the legitimate interest of the global community.”¹⁰⁴ In this way, Indonesia remained arguably politically neutral, instead deferring to international law, but has also allowed Indonesia to not directly challenge China, which may very well be in light of its economic interests. While Indonesia continues to officially assert there is no dispute, since 2014 clashes with Chinese fishing vessels and Coast Guard in the Natuna EEZ have continued to occur, highlighting even more the nature and validity of Chinese threat to and encroachment upon the legitimate interests of the region as a whole. A series of incidents occurred in 2016 regarding illegal fishing by Chinese vessels¹⁰⁵ and China continues to send coast guard vessels into Indonesia’s waters.¹⁰⁶ It is clear from the case of Indonesia that China’s threat continues to increase and expand.

Verdict: Indonesia could prove a helpful ally in increasing Vietnam’s political power through international institutions and norms.

¹⁰⁴ Permanent Mission of the Republic of Indonesia to the United Nations, “Communication dated 8 July 2010,” 2010. This is the same approach that Vietnam, Malaysia, and the Philippines have taken.

¹⁰⁵ Ankit Panda, “A Third 2016 Natuna Stand-Off Highlights Growing Indonesia-China Tensions,” *The Diplomat*, 2016, <https://thediplomat.com/2016/06/a-third-2016-natuna-stand-off-highlights-growing-indonesia-china-tensions/>.

¹⁰⁶ Kinling Lo, “How Indonesia’s South China Sea dispute with Beijing could lead to tough ASEAN stance on code of conduct,” *South China Morning Post*, 2020, <https://www.scmp.com/news/china/diplomacy/article/3044374/how-indonesias-south-china-sea-dispute-beijing-could-lead>.

CHAPTER 4

ECONOMIC AND MILITARY DEVELOPMENTS IN VIETNAM

What domestic and international policies has Vietnam been pursuing to unilaterally balance competing interests—that is, economic stability and peace in the region on one hand and Chinese encroachment on the other? In this chapter, I assess Vietnamese economic and military developments. I find that economically, Vietnam has been leveraging its position by successfully expanding its integration into the global markets ever since the *doi moi* reforms in the 1980s, as well as by internationalizing the resources aspect of the dispute. Militarily, I show that Vietnam has been significantly diversifying its informal alliance network while remaining in close connection with China as well as with Russia, has been developing significant area defense capabilities to be able to push China further away from its waters, and has been increasingly open to engagement with the United States as a hedge or potential balance.

Economic

Vietnam's impressive economic development stemming from the *doi moi* reforms in the 1980s has propelled Vietnam to a prominent position on the world economic stage, with the country an especially important manufacturer and exporter. Significantly, the reforms were relatively inclusive and subsequent government and central bank practices to this day have established a stable domestic environment. This subsection considers two fundamental aspects of Vietnamese economic growth that I argue are especially significant for Vietnam's course optimization and successful balancing of competing interests: 1) Vietnam developed a wide range of bilateral and multilateral trade agreements, greatly advancing and diversifying its trade

relationships, and 2) Vietnam has internationalized the resources aspect of the dispute by introducing foreign oil interests. I address each in order.

Vietnam engages in extraordinary trade diversification to expand its own reach in the global market but which also results in lesser dependence on China. In just a short period of time, Vietnam has engaged in a plethora of bilateral and multilateral free trade agreements, greatly diversifying its trade and money flow from the time of reliance on the Soviet Union and China. Indeed, trade policy has been key to Vietnam's success, and "with Singapore, it shares the top spot in East Asia of being a member for bilateral and multilateral free trade agreements."¹⁰⁷

The table below shows a list of Vietnam's trade agreements:¹⁰⁸

AGREEMENT	DATE	NOTES
World Trade Organization (WTO)	Joined 2007	
US Bilateral Trade Agreement (BTA)	Signed 2000; entered force 2001	
ASEAN Free Trade Area (AFTA)		As a member of ASEAN
ASEAN trade pacts		Made with: China, the Republic of Korea, Australia and New Zealand, India, Chile, Japan
Republic of Korea Bilateral Trade Agreement	2015	
Vietnam-Eurasia Economic Union Free Trade Agreement	2016	
Trans-Pacific Partnership		Not yet ratified
FTA with European Union	2016	Not yet ratified
FTA with EFTA Countries (Norway, Iceland, Liechtenstein, Switzerland)		In Negotiations

¹⁰⁷ Sebastian Eckardt, Deepak Mishra, and Viet Tuan Dinh, "Vietnam's manufacturing miracle: Lessons for developing countries," *Brookings*, 2018. <https://www.brookings.edu/blog/future-development/2018/04/17/vietnams-manufacturing-miracle-lessons-for-developing-countries/>.

¹⁰⁸ Sources: US Department of Commerce International Trade Association, "Vietnam - Trade Agreements," 2018, <https://www.export.gov/article?id=Vietnam-Trade-Agreements>; "Vietnam – Eurasian Economic Union Free Trade Agreement," Asia Regional Integration Center, Asian Development Bank, 2016.

These extensive relations with not just regional actors but several international partnerships demonstrate an active will to multilaterally enter into the global market, while also engaging with international norms and laws that govern and regulate these interactions. It is clear that Vietnam is willing to engage in relations with most of the major economic powers and has a fundamental interest in decreasing China's economic influence over it.

Vietnam has been internationalizing the resources aspect of the South China Sea conflict, directly against Chinese wishes to keep the issue bilateral and regional.¹⁰⁹ Over the past several decades, Vietnam has actively engaged multiple countries and foreign oil companies to exploit natural resources in Vietnam's EEZ. Already in the 1990s, Vietnam engaged with countries such as Norway¹¹⁰ and firms such as British Petroleum (BP)¹¹¹ and the trend has continued despite Chinese warnings and harassments. Indeed, China has been successful in preventing development in Vietnam's EEZ, such as when Spain's Repsol suspended drilling in 2017 following reported threats of military action by China against Vietnam.¹¹² And in 2019, China sent the survey vessel *Haiyang Dizhi 8* into Vietnam's EEZ to conduct marine seismic surveys, with as many as thirty-five escort ships.¹¹³ However, Vietnam's years of introducing foreign interests to its resources in its EEZ have proven to have given Vietnam significant leverage

¹⁰⁹ China has specifically proposed that a Code of Conduct include a clause that excludes companies from countries outside the region from engaging in marine economic activity. See Hui Yee Tan, "Vietnam digs in on South China Sea oil and gas projects amid Chinese pressure," *Straits Times*, 2019, <https://www.straitstimes.com/asia/se-asia/vietnam-digs-in-on-south-china-sea-oil-and-gas-projects-amid-chinese-pressure>.

¹¹⁰ "VIETNAM Norwegians making their mark on prestige field developments," *Offshore*, 1995, <https://www.offshore-mag.com/home/article/16762499/vietnam-norwegians-making-their-mark-on-prestige-field-developments>.

¹¹¹ Neil Thaper, "BP discovers huge gas field in Vietnam: State oil firm seeks early development to boost economic growth and win foreign currency," *Independent*, 1993, <https://www.independent.co.uk/news/business/bp-discovers-huge-gas-field-in-vietnam-state-oil-firm-seeks-early-development-to-boost-economic-1461537.html>.

¹¹² Jose Elias Rodriguez, "Repsol says drilling suspended on Vietnam oil block disputed by China," *Reuters*, <https://www.reuters.com/article/us-southchinasea-vietnam/repsol-says-drilling-suspended-on-vietnam-oil-block-disputed-by-china-idUSKBN1AI27D>.

¹¹³ "Vietnam briefs India about Chinese action in South China Sea," *The Economic Times*, 2019, <https://economictimes.indiatimes.com/news/defence/vietnam-briefs-india-about-chinese-action-in-south-china-sea/articleshow/70436158.cms>.

against Chinese encroachment, and Vietnam did not back down as it had in 2017. The country is now also being backed by Russian oil giant Rosneft, and by extension Russia, given Russia's significant economic interests in resource development in Vietnam's EEZ.¹¹⁴ China must deal much more carefully with Russian interests than it had had to with those of Spanish companies, a fact Vietnam has clearly used to its advantage. Aiming perhaps even higher, Vietnam has also engaged the United States' Exxon Mobil in its Blue Whale offshore energy project.¹¹⁵ In this way, Vietnam has successfully maximized its own position by further reinforcing great power conflict, not just between the United States and China, but also with Russia, in the South China Sea.

Military

In this section, I assess how Vietnam has been maximizing its position through military means. Balancing within realist thought incorporates military development to counter the rising power in the region, in this case China. The brief analysis of military development in chapter 3 found that Vietnam has engaged in significant military infrastructure development. I explore this further, especially focusing on Vietnam's acquisition of technology necessary for anti-access / area denial. Further, Vietnam has been diversifying its defense relationships, especially including with the United States and its allies. This chapter assesses Vietnam's successes on these fronts up to today, current developments, and challenges for the future.

¹¹⁴ Bennett Murray, "Vietnam's Strange Ally in its Fight with China," *Foreign Policy*, 2019, <https://foreignpolicy.com/2019/08/01/vietnams-strange-ally-in-its-fight-with-china/>.

¹¹⁵ Philip Heijmans and Stephen Stapeczynski, "Exxon's South China Sea Oil Project Tests Chinese Influence," *Bloomberg*, 2019, <https://www.bloomberg.com/news/articles/2019-09-23/exxon-s-south-china-sea-oil-project-tests-chinese-influence>.

Vietnam has undertaken a unique defense policy that makes engaging in formal defense ties politically difficult. The Three Nos defense policy dictates “no military alliances, no aligning with one country against another, and no foreign military bases on Vietnamese Soil.”¹¹⁶ The policy was first reported in the 1998 defense white paper and has continued to be mentioned as recently as in the new 2019 Law on National Defense.¹¹⁷ However, Vietnam has a very real strategic need for security partnerships, given its historic reliance on the Soviet Union during the Cold War and its geopolitical position sharing a border with China. Indeed, Vietnam has worked to create a framework of partnerships that do not require publicly expressing what could be seen as entrapment: Vietnam does not want to engage in mutual defense.¹¹⁸ Instead, “Hanoi has ready-made terminology to imply some level of military and defense cooperation, without stating or framing it as such. These include ‘comprehensive strategic,’ ‘strategic,’ and ‘comprehensive’ partnerships.”¹¹⁹ Historically, Vietnam has held close ties with the Soviet Union and the People’s Republic of China. Today, Vietnam maintains these relationships, and one with India, at the highest level (albeit, with Russia after the fall of the USSR), but has been increasingly diversifying its relationships as Chinese coercion and power grows. Recently, Vietnam has been looking at strong Western developed regional players, engaging with Japan and Australia.¹²⁰

Currently, Vietnam’s highest level of strategic partnership is with the People’s Republic of China, officially described as the comprehensive strategic partnership of cooperation and expressed in a 2008 China-Vietnam Joint Statement.¹²¹ While Vietnam and China have had

¹¹⁶ Derek Grossman and Dung Huynh, “Vietnam’s Defense Policy of ‘No’ Quietly Saves Room for ‘Yes’,” *The Diplomat*, 2019, <https://thediplomat.com/2019/01/vietnams-defense-policy-of-no-quietly-saves-room-for-yes/>.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ministry of Foreign Affairs of the People's Republic of China, “China-Viet nam Joint Statement,” 2008, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2792_663578/2793_663580/t520438.shtml.

significant historical tensions going back hundreds of years over legitimacy of rule and territorial sovereignty, and Vietnam sided with the Soviet Union after the Sino-Soviet split essentially balancing against China, Vietnam has mostly deferred at the highest levels to its bigger, stronger Communist comrade to the North, especially since the fall of the USSR. Even with increased tensions in the South China Sea, the Vietnamese government is careful not to antagonize China. This decision is of course extremely prudent, given the history of Chinese invasions through the land border the two countries share, China's much greater strength, and the ideological connection between the two governments (one of the most stabilizing factors in the China-Vietnam relationship), and in the short to medium term this relationship will likely remain, even with significant domestic wariness toward China.

However, Vietnam also maintains comprehensive strategic partnerships with Russia and India¹²² and has been expanding these relationships in recent years. In seeming violation of its own Three Nos policy, Vietnam allowed for Russian use of the Cam Ranh Bay naval base in the South China Sea until 2002, and recently held a joint naval exercise with India in the South China Sea.¹²³ Vietnam has also been buying significant weaponry and weapons systems from the two countries. For example, a 2016 report stated that "Vietnam has acquired six Russian-built *Kilo*-class submarines, five of which have been delivered, and the sixth will arrive in early 2017. That gives Vietnam the most advanced submarine fleet in the [Southeast Asian] region."¹²⁴ The purchase also requires Russian trainers and advisors to aid Vietnamese crews in operations and strengthens the military ties between the two countries. These relationships can be seen as a way

¹²² Derek Grossman and Dung Huynh, "Vietnam's Defense Policy of 'No' Quietly Saves Room for 'Yes'," *The Diplomat*, 2019, <https://thediplomat.com/2019/01/vietnams-defense-policy-of-no-quietly-saves-room-for-yes/>.

¹²³ Ibid.

¹²⁴ Zachary Abuza and Nhat Anh Nguyen, "Vietnam's Military Modernization," *The Diplomat*, 2016, <https://thediplomat.com/2016/10/vietnams-military-modernization/>.

for Vietnam to strengthen itself against Chinese might and influence, especially considering that India is a major rising competitor for China. Nonetheless, Vietnam's relationship with Russia today is more complicated. On the one hand, Vietnam cannot depend on Russia as it could on the USSR, given the different power balance between Russia and China today, and Russia's closer engagement with its powerful southern neighbor, such as through high level joint exercises in recent years.¹²⁵ On the other hand, Russia too hedges against its weakness relative to China by developing closer relationships with Vietnam and India, which may work to give Vietnam even more soft balancing power against China.

Vietnam has been making significant advances in terms of military development and force modernization. Following its economic growth, "Vietnam's publicly released defense budget (its official budget is a state secret) has grown from \$1.3 billion in 2006 to \$4.6 billion in 2015, a 258 percent increase."¹²⁶ Compared to other regional countries, this degree of military spending is significant. Following this period of increased spending, "Vietnam's defense expenditures were the fourth largest in Southeast Asia, behind only Singapore, Indonesia and Thailand; all wealthier or significantly larger economies."¹²⁷ Vietnam has also been buying a great deal of arms, becoming the 8th largest importer of weaponry in the 2011 to 2015 period up from 43rd largest in the five years prior.¹²⁸ Yet, even with increased defense spending, Vietnam's military is still developing and modernizing and has continued to face significant challenges in engaging with China; indeed, "while Vietnam has built one of the largest coast guard forces in the region (much bigger than those of the Philippines, Indonesia, or Malaysia), it

¹²⁵ See, for example: Franz-Stefan Gady, "China, Russia Kick Off Bilateral Naval Exercise," *The Diplomat*, 2019, <https://thediplomat.com/2019/04/china-russia-kick-off-bilateral-naval-exercise-joint-sea/>.

¹²⁶ Zachary Abuza and Nhat Anh Nguyen, "Vietnam's Military Modernization," *The Diplomat*, 2016, <https://thediplomat.com/2016/10/vietnams-military-modernization/>.

¹²⁷ Ibid.

¹²⁸ Ibid.

has been unable to stop China's construction of artificial islands and fishing in the disputed region."¹²⁹

Vietnam's military development is clearly focused on anti-access / area denial capabilities to better keep China in check. As previously mentioned, Vietnam's greatest acquisition from Russia was six *Kilo*-class submarines. Submarines are essential because they can enter an area virtually undetected to protect against China's growing militarized Coast Guard as well as the traditional PLA Navy. While China has in recent years heavily publicized first its acquisition of an old Soviet aircraft carrier and more recently China's first domestically built ship as symbols of national power,¹³⁰ submarines place aircraft carriers at great risk, and the loss of one to a Vietnamese torpedo would be an especially significant embarrassment to China. Further, Vietnam purchased from Russia submarine-launched Klub anti-shore missiles and several *Molniya* missile attack craft capable of being armed with the Klub missiles in addition to Uran anti-ship missiles.¹³¹ These technologies place China's fortifications in the South China Sea at greater risk. Finally, Vietnam has been engaged in talks with Russia about purchasing the S-400 Triumph anti-aircraft air defense system and is already equipped with the older S-300. Vietnam's possession of the S-400 would be very worrisome for China: "S-400 is capable of tracking 300 targets simultaneously and [shooting] down 36 goals. In particular, the S-400 is capable of fighting 4 times the US Patriot system."¹³²

¹²⁹ Zachary Abuza and Nhat Anh Nguyen, "Vietnam's Military Modernization," *The Diplomat*, 2016, <https://thediplomat.com/2016/10/vietnams-military-modernization/>.

¹³⁰ Ben Westcott, "China's first domestically-built aircraft carrier officially enters service," *CNN*, 2019, <https://www.cnn.com/2019/12/17/asia/china-aircraft-carrier-shandong-intl-hnk/index.html>.

¹³¹ Zachary Abuza and Nhat Anh Nguyen, "Vietnam's Military Modernization," *The Diplomat*, 2016, <https://thediplomat.com/2016/10/vietnams-military-modernization/>.

¹³² Dylan Malyasov, "Vietnam is negotiating to buy S-400 Triumph anti-aircraft missiles," *Defense Blog*, 2016, <https://defence-blog.com/news/vietnam-is-negotiating-to-buy-s-400-triumph-anti-aircraft-missiles.html>.

Although Vietnam's military development has been quite impressive, the country faces several structural challenges that affect future policy planning on defense. These challenges and recommendations were outlined in 2018 by Thayer:

First, Vietnam needs to maintain high economic growth in order to meet current operating costs, maintain expensive platforms such as the Kilo submarines, and to procure new platforms and weapons. Vietnam has set the target of 7 per cent growth of GDP per annum.

Second, Vietnam must overcome what Derek Grossman has called the legacy of army parochialism that has cast a shadow over the emergence of the navy as a separate co-equal service.

Third, Vietnam must promote the effective integration of technology and systems acquired from diverse sources, such as radar and missiles.

Fourth, Vietnam needs to further develop the interoperability of its army, navy, and air defence air force into an effective joint force by conducting innovative exercises

Fifth, Vietnam must gain experience in conducting military operations in the maritime domain, including improving its capabilities in amphibious operations, mine sweeping, anti-submarine warfare, and acquiring acoustic signatures for its Kilo submarines.

Sixth, Vietnam needs to gain experience in high-tech warfare by developing its newly acquired ISR assets for battlefield awareness and targeting, particularly for the land attack cruise missiles purchased for its Kilo submarines.

Seventh, Vietnam must articulate a national defense strategy, maritime strategy and military doctrine to guide the development of an effective and modern joint force.

Eighth, Vietnam must continually revamp its system of professional military education and training to keep up with changes in technology and the creation of a joint force.¹³³

As can be seen, these challenges are extensive, and require significant revamping and updating of current policy and thinking about the military.

As conflict with China intensifies, Vietnam has increasingly been looking to the United States, although several barriers, historical and political, exist that may prevent deeper engagement between the two countries. Quite frankly, the memory of the Vietnam War is still fresh in the minds of many in Vietnam, but the relationship has been steadily improving; indeed,

¹³³ Carlyle A. Thayer, "Force Modernization: Vietnam," *Southeast Asian Affairs*, 2018, 441.

the US-Vietnam relationship was elevated to strategic partnership in 2015.¹³⁴ More recently, as presented in Chapter 3 as evidence of soft balancing in the short term, Vietnam has pursued increasingly close ties with the United States, such as when in 2016 the United States lifted an arms embargo on lethal weapon sales to Vietnam. However, again given the special relationship between Vietnam and China, and the tensions between China and the United States, it may very well be difficult to elevate the relationship past this point in the short to medium term.

In the long term, unless China engages in a military conflict to seize control of the South China Sea entirely, Southeast Asian nations claimant states' security posture truly depends on China's continued economic and political trajectory. China of course faces many structural issues and it is quite possible that Chinese economic growth will slow down significantly over the next 10 to 15 years (the impact of COVID-19 may drastically shorten this timeline)—in this case, China may either look inward to work on structural reforms, or, if the leader at the time is someone as nationalist as Xi Jinping, the government may rally its people around Chinese territorial claims to distract from economic woes. While if the former happens, Vietnam may have time to catch up on its military infrastructure and improve the balance of power, if the latter happens the situation may become even more dangerous if Vietnam were to continue to press its claims. It would therefore be prudent for Vietnam to work closer with the United States to continue its military development far into the long term, such as through increases in joint training exercises, greater information sharing in terms of maritime domain awareness improvements, and more favorable terms for defense contracts.

¹³⁴ Prashanth Parameswaran, "What Would a US-Vietnam Strategic Partnership Really Mean?" *The Diplomat*, 2019, <https://thediplomat.com/2019/09/what-would-a-us-vietnam-strategic-partnership-really-mean/>.

CHAPTER 5

VIETNAM AND INSTITUTIONAL POWER

Given the focus throughout this thesis on great power conflict and realist notions of great power- middle power balancing and bandwagoning, the usefulness of international law, norms, and organizations within the South China Sea disputes may at first seem limited; however, these institutions play a valuable role in Vietnam's strategy to manage the Chinese threat. This chapter considers non-military aspects of Vietnam's strategy optimization and demonstrates that smaller powers seeking to address threats from larger powers to important but peripheral territory have a range of tools available to them. In this regard, I address aspects of international law as well as multilateral organizations that develop political leverage and build stabilizing norms to constrain the larger power. This chapter therefore builds upon balance of threat theory to include institutional power as a supplement to military balancing power for small and mid-sized states.

Options from International Law

This section explores what options Vietnam may have in international law. I assess what impact international law, especially from the 1982 United Nations Convention on the Law of the Sea and the implications from the 2016 South China Sea Arbitration decision, could have on Vietnamese bargaining power and balancing options. International law may have limited effectiveness in the short to medium term to bring China in line to follow internationally normative behavior, especially given the country's non-acceptance of the 2016 South China Sea arbitration decision. However, ignoring international institutional dispute resolution mechanisms such as arbitration through UNCLOS comes at a political cost to China. Indeed, the processes

may be useful tools for Vietnam to increase its political capital and legitimizing power for the long term. Therefore, I assess the possibility and ramifications of a Vietnamese arbitration case.

Since the 2013 South China Sea Arbitration notification by the Philippines, Vietnam has on several occasions engaged with or threatened to engage with international institutions regarding its claims in the South China Sea. In 2014, Vietnam sent a statement to the Permanent Court of Arbitration in support of the Philippine Arbitration case in which Vietnam “recognised the court's jurisdiction over the case brought by the Philippines,” “asked the court to give ‘due regard’ to its legal rights and interests in the Spratlys, the Paracels and in its exclusive economic zone and continental shelf when deciding on the merits of the Philippine case,” and “rejected the Chinese nine-dash line demarcation” as without legal basis.¹³⁵ Although the statement itself may not have any legal weight, and is not as forceful as actually engaging in the arbitration decision, it nonetheless demonstrates Vietnam’s understanding of potentially gained leveraging power. Further, in December 2019, a senior Vietnamese official indirectly threatened to engage China in international institutional dispute resolution (such as arbitration) with regard to the recent Vanguard Bank incident.¹³⁶ More recently, Vietnam may be seriously considering filing an international arbitration case, according to a report from May 2020.¹³⁷

What would a Vietnamese arbitration look like? Chinese interference at Vanguard Bank would be a good starting point, as Vanguard Bank lies within Vietnam’s EEZ. The bank lies outside of any domain UNCLOS would allot to China, a fact reinforced by the Tribunal’s

¹³⁵ Zuraidah Ibrahim and Kristine Kwok, “Beijing rejects Hanoi’s legal challenge on Spratly, Paracel islands disputes,” *South China Morning Post*, 2014, <https://www.scmp.com/news/china/article/1661364/china-rejects-vietnam-claims-arbitration-submission-over-south-china-sea>.

¹³⁶ James Pearson and Khanh Vu, “Vietnam mulls legal action over South China Sea Dispute,” *Reuters*, 2019, <https://www.reuters.com/article/us-vietnam-southchinasea/vietnam-mulls-legal-action-over-south-china-sea-dispute-idUSKBN1XG1D6>.

¹³⁷ David Hutt, “Vietnam may Soon Sue China on South China Sea,” *Asia Times*, 2020, <https://asiatimes.com/2020/05/vietnam-may-soon-sue-china-on-south-china-sea/>.

assessment of China's nine-dashed line in the Philippines' South China Sea arbitration. A good first move for Vietnam in this case would be to request that the Tribunal prescribe provisional measures, as per UNCLOS article 290.¹³⁸ These provisional measures could include that China cease all activity, such as survey research, oil exploration, or island development, in the disputed regions. Such action would increase Vietnam's political leverage over China as well as increase the political cost of noncompliance for China. Further, Vietnam could model its approach to the arbitration on the Philippine notification, which included a request for the determination of entitlements, and a request for the tribunal's condemnation of China's interference in Vietnam's resource exploitation in its EEZ and continental shelf. While a request for provisional measures could be politically feasible for Vietnam to do in the short term, a full arbitration notification against China may work to destabilize the Vietnam-China relationship too much in the short to medium term.

Vietnam, ASEAN and a Code of Conduct

In this section, I assess ASEAN's approach to the South China Sea disputes and progress over the last three decades. I begin by presenting the relevant literature on what ASEAN's role can be and possibilities for a multilateral approach to the South China Sea conflicts through ASEAN, highlighting discussions on progress toward a Code of Conduct in the South China Sea. Subsequently, I assess Vietnam's role in ASEAN and find that the country has been increasingly assertive in working both bilaterally with other Southeast Asian claimant states as well as multilaterally through ASEAN to develop a Code of Conduct to build regional norms based on the principles of international law. I find that while discussions toward the development of a

¹³⁸ International Seabed Authority, "The Law of the Sea: Compendium of Basic Documents," 2001.

Code of Conduct are plagued by fundamental disagreements between many countries, Vietnam's engagement in ASEAN is another way to internationalize the South China Sea conflict, and has three key relevant interests: 1) political leverage development through multilateralism, 2) norm-building, and 3) cost-building to place constraints on the stronger power's freedom of action.

The Options for ASEAN Examined

The possibilities for a multilateral approach to the South China Sea conflicts have long been a focus of discussion, with Vietnam, especially within ASEAN, playing an increasingly important role. Analyzing different approaches to dispute resolution, such as those based on UNCLOS as well as sharing of resources or joint development, Nguyen argues that a Code of Conduct in the South China Sea, complete with confidence-building measures, is necessary for cooperation and peaceful settling of disputes.¹³⁹ Nguyen asserts that "the code of conduct for the South China Sea is not intended to be a treaty involving obligations, but is a way for the parties to show their desire for peaceful settlement of disputes."¹⁴⁰ In this way, although Nguyen goes on to discuss principles such as confidence building measures within a possible Code of Conduct, the author also notes that China does not respond positively to self-restraint.¹⁴¹ Indeed, a Code of Conduct cannot be seen as a way to permanently constrain China, as rising and great powers are unlikely to respect such norms and institutions that go against their own interests.

Several scholars look deeper into ASEAN and analyze the roles of the United States and China as well as member-state groupings in terms of norms of behavior that impact possibilities of cooperation. Odgaard argues that "the Southeast Asian states are in agreement that Great

¹³⁹ Hong Thao Nguyen, "Vietnam and the Code of Conduct for the South China Sea" *Ocean Development & International Law* 32:2 (2001).

¹⁴⁰ *Ibid.*, 114.

¹⁴¹ *Ibid.*, 118.

Power engagement, dialogue and a code of conduct are required in order to contain the violent conflicts that may erupt from the numerous maritime boundary and sovereignty disputes in the South China Sea.”¹⁴² In this way, Odgaard views discussion within ASEAN in a more regionalist way, and finds that Southeast Asian nations will continue to integrate China into these discussions. The implications of this argument are that great power conflict between China and the US lies outside of the disputes, and that China may be able to create an even more favorable environment to push its own incentives. Buszynski, in his consideration of norms of behavior, instead focuses on the relevance of great power conflict, as does this thesis, and places the United States as the provider of a balance of power allowing for norms of behavior to be possible within the strong state - weak states dichotomy present in the South China Sea.¹⁴³ Buszynski sees the adoption of a declaration on a code of conduct in the South China Sea as “symptomatic of a trend towards adoption of norms”¹⁴⁴ by China and that China is recently (2003, at the time of writing), more willing to engage in discussion. However, the year 2003 falls into the period where China prioritized *weiwen*, and placing this paper in the context of my argument that China engages in small concessions during periods between coercion to consolidate its gains, the relevance of norms outside of realist great power interests may become more limited.

Vietnam and the Code of Conduct in the South China Sea

Vietnam has become a leading advocate of ASEAN, and has recently been increasingly vocal about developing a significant Code of Conduct (CoC) for the South China Sea. Vietnam

¹⁴² Liselotte Odgaard, “The South China Sea: ASEAN’s Security Concerns About China,” *Security Dialogue* 34:1 (2003), 12.

¹⁴³ Leszek Buszynski, “ASEAN, the Declaration on Conduct, and the South China Sea,” *Contemporary Southeast Asia* 25:3 (2003).

¹⁴⁴ *Ibid.*, 344.

has been actively pushing for provisions in a Code of Conduct that are contrary to Chinese interests but generally follow international law. The South China Morning Post in 2018 succinctly outlined Vietnam's positions for a possible CoC:

Hanoi wants the pact to outlaw many of the actions China has carried out across the hotly disputed waterway in recent years, including artificial island building, blockades and offensive weaponry such as missile deployments, according to a negotiating draft of the Asean Code of Conduct (COC).

The draft also shows Hanoi is pushing for a ban on any new Air Defence Identification Zone – something Beijing unilaterally announced over the East China Sea in 2013. Chinese officials have not ruled out a similar move, in which all aircraft are supposed to identify themselves to Chinese authorities, over the South China Sea.

Hanoi is also demanding states clarify their maritime claims in the vital trade route according to international law – an apparent attempt to shatter the controversial “nine-dash line” by which China claims and patrols much of the South China Sea, the draft shows.¹⁴⁵

Vietnam is working here on building norms of engagement, and, more significantly, norms that should be should be extended to codified rules that all ASEAN countries should follow, seemingly bringing together other claimant states and pressuring China. It is of course unlikely that China will submit to these requests in the short term, and may very well try to influence other states such as the Philippines or Malaysia to object in some ways as well. However, Vietnam in the medium to long term has the best position, given its already existing challenges to China's position, to bring together these countries for greater combined leverage.

The key question here is whether the Philippines and Malaysia will bandwagon with China or balance against it with Vietnam. While the Philippines under Arroyo and Duterte can be seen wavering to China, most likely because of a perceived ability to mitigate the threat of continued Chinese encroachment by doing so, and Malaysia is arguably still geographically separated enough to be able to prioritize economic ties over security concerns, especially in

¹⁴⁵ Reuters, “South China Sea stand-off: Vietnam takes hard line while negotiating code of conduct but will Beijing listen?,” *South China Morning Post*, 2018, <https://www.scmp.com/news/asia/diplomacy/article/2180074/south-china-sea-stand-vietnam-takes-hard-line-while-negotiating>.

regions of secondary importance, increasingly expansive Chinese activity against all three claimant states suggests that bandwagoning or appeasement will not be effective in the long run to protect sovereign interests in this region. Instead, the prudent long run decision, legitimized through the 2016 South China Sea arbitration ruling, is to work together as a claimant bloc to develop norms that follow the principles of international law. While the driving force in this scenario may very well be power politics, international law codified through the arbitration rulings and a Code of Conduct would increase the cost of noncompliance for China and would decrease its leverage through bilateral agreements with each of the claimant states, agreements which in the long run may very well work to decrease the states' autonomy or to destabilize the region. Given that China presses for consensus among all ASEAN states on decisions, likely as a way to delay or obstruct decision making processes, in the short-term Vietnam could work harder to consolidate only the other claimant states as a bloc.

CHAPTER 6

CONCLUSIONS / IMPLICATIONS

In this thesis, I presented two timely and intertwined questions. First, what Southeast Asian claimant state is best situated to defend its interests against China's growing assertiveness? I applied balance of threat theory, modified by adding two factors, the fact that the region at stake is comprised of "secondary or peripheral territories," and the importance of "how states value the object." Second, how has this country been optimizing its course of action and balancing its competing interests and what tools does it have at its disposal? From this analysis, I find that neither the Philippines nor Malaysia is in a position to successfully challenge China in defending their South China Sea interests, while Vietnam has both been working to hedge or soft balance against China and has had operational success. Vietnam has been doing so by economically internationalizing the issue and developing its area defense military capabilities, but also by leveraging institutional power through international law and international institutions to develop norms and increase costs.

The addition of "secondary territories" and "value of the object" to the traditional literature on balancing and bandwagoning, as offered in this thesis, may offer significant insight into other studies of actions conducted by states in regions of secondary importance to their primary objectives that traditional realist theory may not be able to answer. For example, these two factors apply to a discussion of how European colonial powers viewed different colonies, such as British actions in East versus South Asia, or to a discussion of the British defense of the Falklands. These would be interesting cases for future research.

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