

**CHINA'S MULTILATERALISM AND THE SOUTH CHINA  
SEA CONFLICT: QUEST FOR HEGEMONIC STABILITY?**

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## Summary

The South China Sea (in Chinese “*Nanhai*”) is a semi-enclosed sea that includes the Paracels (in Chinese *Xisha*) and Spratlys (in Chinese *Nansha*). Since the end of the Cold War, the attention of countries in Southeast Asia has gradually focused on the South China Sea conflict that is considered as a possible catalyst of regional unrest.

Multilateralism has emerged as a good option for disputants to resolve the conflicts peacefully. Although the Chinese maintain a cautious stance towards multilateralism, a remarkable change of attitude took place in the 1990s. However, China’s unilateral moves in the early 1990s seemed to go against its embrace of multilateral cooperation with its Southeast Asian neighbors. The paper is trying to find out an answer to explain China’s controversial moves towards the multilateral functions. Considering the gap between existing academic works and reality, this author will apply the theory of hegemonic stability to explain China’s behavior. The hypothesis is intent to agree that China’s entry into multilateral cooperative mechanism is going to pursue hegemonic status in the region. The research design of this paper follows a way of qualitative analysis with the case study as the main methodology. The cases cover “Track I” ASEAN Regional Forum (ARF) and “Track II” Indonesian workshop on “Managing Potential Conflicts in the South China Sea” (MPCSCS), ranging from 1990 to 2001. The conclusion will shed light on the policy implications for the other disputants and also outsiders to respond to the rising China.

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## INTRODUCTION

### 1. THE SOUTH CHINA SEA CONFLICT

The South China Sea (in Chinese *Nanhai*) is a semi-enclosed sea that includes the Paracels (in Chinese *Xisha*) and Spratlys (in Chinese *Nansha*). Before the 20<sup>th</sup> century, the South China Sea had not been considered as a dangerous zone and remained uninteresting to any claimant.<sup>1</sup> During 1930s, France came to the region and claimed both the Paracels and the Spratlys. Then the ownership was handed over to Japan following France's defeat in World War II. As a result, the South China Sea was included into Japanese administrative system. After the end of the war, Japan gave up its claims of the two archipelagoes and left the region unoccupied. Since then, the importance of the South China Sea has been gradually recognized by its neighboring states and a campaign for effective occupation over these islands has become a regional concern.

The South China Sea conflicts are of concern to both claimants and non-claimants. What claimants mostly care about is the territorial issue of sovereignty.<sup>2</sup> Reminded of the humiliation by the West, the claimants consider sovereignty as a sensitive and indisputable issue. From China's perspective, the South China Sea is historically its. Bolstering its sovereignty claim and maintaining control over these territories are China's main priorities compared to any other issues, including economic benefits. The other

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<sup>1</sup> Shee Poon Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia*, Vol.19, No.4 (March 1998), 370.

<sup>2</sup> It is defined by Odgaard as essential conflict, while the others are classified into non-essential conflicts. See Liselotte Odgaard, *Maritime Security between China and Southeast Asia: Conflict and Cooperation in the Making of Regional Order* (Aldershot, Hampshire, England; Burlington, VT : Ashgate, c2002), 59.

claimants around the South China Sea were also very concerned the issue of sovereignty. Any loss of territory would be considered as the proof of Southeast Asian governments' inability in defending their newly founded countries. As such, hardly any compromise could be reached among the claimants. Besides the issue of sovereignty, unclear quantities of energy resources and large amount of fish resources are increasingly becoming key issues among disputants. Firstly, oil has been largely considered as strategic resource. The Chinese Department of Geology and Mineral Resources estimated that the South China Sea may contain as much as 17.7 billion tons of oil, a figure questioned by Western oil experts.<sup>3</sup> Despite the uncertainty, disputants still value the importance of the potential oil deposit therein. China also showed its eagerness to undertake oil explorations in this region,<sup>4</sup> especially after it became a net importer of oil in 1993. Therefore, the competing claims to these archipelagoes took place among the South China Sea neighboring states in order to ensure that their oil exploitations were free from external intervention. Fishery dispute is another flashpoint among the regional concerns. It has a long history in Southeast Asia. Although the South China Sea area is productive in fishery resources, a warning of shortage has been recognized because the stocks are heavily fished by the states around.<sup>5</sup> Since 1990, the stocks have been depleting at a quick pace mostly due to China's growing consumption of seafood. The

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<sup>3</sup> For further readings about Chinese estimate, see Mark. J Valencia, "China and South China Sea Disputes: Claims and Potential Solutions in the South China Sea," *Adelphi paper* 298, (Oxford University Press, Oxford, 1995). See also *Summary of World Broadcast: Far East*, September 5, 1994, No. 2094; *Far Eastern Economic Review*, June 1, 1995. For further readings about the argument from Western oil experts, see Craig Snyder, "The Implications of Hydrocarbon Development in the South China Sea," *International Journal*, LII: 1, 144.

<sup>4</sup> Energy security is considered as the matter of life and death for China. See Ji Guoxing, "China versus South China Sea Security," *Security Dialogue*, Vol.29, No.1 (January 1998), 105.

<sup>5</sup> John W. McManus, "The Spratly Islands: A Marine Park?" *Ambio*, Vol.23, No.3, (May 1994), 182; Trish Saywell, "Fishing for Trouble," *Far Eastern Economic Review*, March 13, 1997, 50-52.

deteriorating situation has urged the South China Sea littoral countries to work out effective solutions to ease the competing fishing claims.

On the other hand, the non-claimants show great interest in preserving open navigation through the South China Sea region.<sup>6</sup> It is mostly related to their economic benefits. Almost one-fourth of all the world's trade passes through this region.<sup>7</sup> In particular, oil shipping through the sea-lane from the Middle East to East Asia and North America grabs much attention from these outsiders, such as Japan and the United States. In terms of the South China Sea conflict, non-claimants prefer to resolve it peacefully without the use of force. However, what is unstated is their vested interest to prevent any claimant from controlling all the areas and ensure that the sea-lane open to all countries.<sup>8</sup>

The disputes of the South China Sea mainly focus on the two archipelagoes, one of which is called the Paracels, located in the northwestern part. The Paracel Islands are claimed by China, alongside with Taiwan and Vietnam.<sup>9</sup> All of the claims are based on a number of historical records. Chinese archaeologists have found some Chinese objects on the islands.<sup>10</sup> These more than 2000-year old objects are considered as the evidence of China's ownership of the territories since ancient times. A large amount of historical literatures have been presented by China to enhance its claim. Chinese experts have

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<sup>6</sup> Safety of navigation is also considered strategically important to the South China Sea littoral states. See Ali Alatas, "Managing Potential Conflicts in the South China Sea", *Indonesian Quarterly*, Vol.18, No.2 (April 1990), 114.

<sup>7</sup> Ross Marlay, "China, the Philippines, and the Spratly Islands," *Asian Affairs: An American Review*, Vol.23, No.4 (Winter 1997), 196.

<sup>8</sup> For the UNITED STATES concern about the freedom of passage, see Shigeo Hiramatsu, "China's Advances in the South China Sea: Strategies and Objectives," *Asia-Pacific Review*, Vol.8, No.1 (2001), 45.

<sup>9</sup> Taiwan's claims to Chinese ownership of the South China Sea are similar to those of the PRC.

<sup>10</sup> *Chinese Central TV*, Beijing, July 7, 1996; *Xinhua News Agency*, Beijing, November 30, 1997.

described the location of the South China Sea region quite earlier than their Southeast Asian disputants. Since the 19<sup>th</sup> and early 20<sup>th</sup> century, China has asserted claims to the Paracel Islands without effective occupation.<sup>11</sup> In 1947, a map, produced by the Republic of China (the government of Chiang Kai-Shek), was also used by Mainland China as a historical document to claim all of the islands within the region. In 1992, China released the "Territorial Sea and Contiguous Zones" Law which restates that both the Paracels and the Spratlys should be included in China's claims in the region.<sup>12</sup> Other than the verbal claims, China has also taken effective actions to occupy some of those islands. In 1974, China's military forces attacked the Vietnamese forces and enforced its claim upon the western Paracels and later over the whole archipelago, ending Vietnam's presence since 1947. After the military occupation, China renamed the Paracel Islands as the *Xisha* Islands, and included them into the administrative control under its Hainan Island province. On the other hand, the Vietnamese also used historical evidence to support their sovereignty claims. Vietnam was colonized by France in the 19<sup>th</sup> century. The Paracel Islands, which were considered as Vietnam's territory, were occupied by French. After World War II, France, on Vietnam's behalf, came back to the South China Sea. It reiterated its presence on western Paracels left by the defeated Japan. Although the whole Paracel Islands were controlled by the Chinese after the Sino-Vietnam clash in 1974, Vietnam still maintained its territorial claims in this region. In spite of the existing disputes, China's successful occupation has strengthened its military presence on the

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<sup>11</sup> Shigeo Hiramatsu, "China's Advances in the South China Sea: Strategies and Objectives," 41.

<sup>12</sup> *BBC: Far East*, February 28, 1992.

Paracel Islands and provided a springboard for China to encroach the territory in the Spratlys.<sup>13</sup>

Another archipelago is the Spratlys that is made up of dozens of tiny islands and reefs. They are located in the southern part of the South China Sea with more than 700 nautical miles away from China's Hainan Island. Compared to the Paracels, the Spratly dispute is more complicated because of its multinational nature. There are complex disagreements among several disputants. The Spratlys is claimed entirely by China, Vietnam and Taiwan but in part by Malaysia, the Philippines and Brunei. Indonesia does not claim any island in the Spratlys. However, the Natuna, which is thought as Indonesia's "legal territory", was also claimed by China when Chinese government published its map of the territory in 1995. Meanwhile, China and Taiwan maintained the same claims of the South China Sea territory. Among these disputants, both China and Vietnam substantiated their claims by using historical events, as happened during the disputes over the Paracel Islands. Different from these two countries, Brunei, Malaysia, and the Philippines defended their claims in terms of international laws, in particular, the 1982 United Nations Convention on Law of the Sea (1982 UNCLOS). Nevertheless, China and Vietnam also have found some clauses in 1982 UNCLOS, as well as international laws, that served their claims and have increasingly contested the other disputants' arguments by applying the international law.

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<sup>13</sup> Frank Umbach, *ASEAN and Major Power: Japan and China-A Changing Balance of Power?* [cited June 15, 2005], available form: <http://www.weltpolitik.net/texte/asien/asean.pdf>, 175.

All the disputants have sought to strengthen their claims by taking steps to demonstrate their sovereignty over the islands and the reefs. Till now, military forces of most claimants have occupied the scattered islets, cays and rocks of the archipelago, leaving Brunei as the only disputant not to have stationed its military on any island. Within the Spratly group, China occupies 9, including Mischief Reef. Taiwan occupies only the Itu Aba Island, which is the largest in the Spratlys. Vietnam occupies 25 of them while the Philippines 8 and Malaysia 3. Brunei only claims one feature, which is also contested by Malaysia, as being within its Exclusive Economic Zone (EEZ) (See table 1).

The conflicts between the disputants date back to 1970s. The Philippine's defiance of Taiwan's claim over the Itu Aba in 1971 arose from the scramble for effective occupation of the Spratlys. The 1970s is referred to as the golden period for disputants to occupy the Spratly Islands. The Philippines established its effective control over 5 features. Vietnam, just after its defeat by China's troops on the Paracels in 1974, also began to annex the Spratly Islands actively and occupied 6 of the features. As the part of protest against the Philippines' move in the early 1970s, China restated its claims over the whole area of this region. This archipelago is considered by China as an indisputable part of its territory since ancient time. However, compared with the other claimants, China was the last to carry out effective occupation of the Spratlys. Her occupation began in 1988 and started as an armed conflict between China and Vietnam. The Chinese sank two Vietnamese vessels, causing the loss of more than 70 lives. Finally, Chinese forces dislodged Vietnamese troops from a reef in the Spratly group. Because of its violent entrance into the disputes, China began to emerge as a security concern to regional states. In 1995,

China made a unilateral move to the Mischief Reef against the Philippines. It was also the first time China came into conflict with the country belonging to the Association of Southeast Asian Nations (ASEAN). Stimulated further by the incident, the disputants realized the urgency to deal with an aggressive China and resolve the Spratly conflicts peacefully.

Table 1: Spratly Features occupied and claimed by other states, 1999, estimate

| <b>Occupant</b> | <b>Feature occupied</b> | <b>Also claimed by</b>           |
|-----------------|-------------------------|----------------------------------|
| China           | Ladder Reef             | Taiwan, Vietnam                  |
|                 | Mischief Reef           | Taiwan, the Philippines          |
|                 | Subi Reef               | Taiwan, Vietnam, the Philippines |
|                 | Graven Reef             |                                  |
|                 | Loai Ta South West Reef |                                  |
|                 | Johnson South Reef      |                                  |
|                 | Kennan Reef             |                                  |
|                 | Cuarteron Reef          |                                  |
|                 | Fiery Cross Reef        |                                  |
| Taiwan          | Itu Aba Island          | China, Vietnam, the Philippines  |
| Vietnam         | Southwest Cay           | China, Taiwan, the Philippines   |
|                 | South Reef              |                                  |
|                 | Petley Reef             |                                  |
|                 | Sand Cay                |                                  |
|                 | Nam Yit Island          |                                  |
|                 | Discovery Great Reef    |                                  |
|                 | Central Reef            |                                  |
|                 | West Reef               |                                  |
|                 | East Reef               |                                  |
|                 | Pearson Reef            |                                  |
|                 | Alison Reef             |                                  |
|                 | Collins Reef            |                                  |
|                 | Sinh Ton Bong           |                                  |
|                 | Len Dao                 |                                  |
|                 | Tennent Reef            |                                  |
|                 | Cornwallis South Reef   |                                  |
|                 | Sin Cowe Island         |                                  |

|                 |                           |  |
|-----------------|---------------------------|--|
|                 | Spratly Island            | China, Taiwan                            |
|                 | Vanguard Reef             |  |
|                 | Prince Consort Bank       |  |
|                 | Grainger Reef             |  |
|                 | Prince of Wales Bank      |  |
|                 | Rifleman Bank             |  |
|                 | Amboyna Cay               | China, Taiwan, the Philippines, Malaysia |
|                 | Barque Canada Reef        |  |
| The Philippines | Northeast Cay             | China, Taiwan, Vietnam                   |
|                 | Thi Tu Island             |  |
|                 | West York Island          |  |
|                 | Lankiam Cay               |  |
|                 | Loaita Island             |  |
|                 | Nanshan Island            |  |
|                 | Flat Island               |  |
|                 | Commodore Reef            | China, Taiwan, Vietnam, Malaysia         |
| Malaysia        | Swallow Reef              | China, Taiwan, Vietnam                   |
|                 | Ardasier and Dallas Reefs |  |
|                 | Mariveles Reef            | China, Taiwan, Vietnam, the Philippines  |

Source: Liselotte Odgaard, *Maritime Security between China and Southeast Asia: Conflict and Cooperation in the Making of Regional Order*, 77-78.

## **2. CHINA’S ENTRY INTO MULTILATERAL COOPERATIVE MECHANISM**

With the end of the Cold War, Russia (the former Soviet Union) experienced a dramatic shrinking of its power. Meanwhile, Southeast Asia’s strategic importance to American national interests decreased. As a consequence, China emerged as a potential regional major power. Considering China’s military clashes in the South China Sea, Southeast Asian nations increasingly became worried about their “dragon neighbor”. Following the



international agreement on Cambodia in 1991, the attention of countries in Southeast Asia gradually became focused on the South China Sea conflict that was considered as a possible catalyst of regional unrest. How to engage China and prevent it from being a destabilizing factor became an urgent topic among Southeast Asian leaders.

Multilateralism became a good option. According to Robert Keohane, multilateralism means “the practice of coordinating national policies in groups of three or more states”.<sup>14</sup> While Ruggie states that it is “an institutional form which coordinates behavior among three or more states on the basis of ‘generalized’ principles of conduct—that is, principles which specify appropriate conduct for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence”.<sup>15</sup> Keohane’s definition is widely considered as a “nominal” or “quantitative” one because it only answers “what” multilateralism is. On the other hand, Ruggie’s definition explains “how” the multilateral mechanism processes and is perceived as more qualitative.<sup>16</sup>

Multilateralism is increasingly welcomed by Asia-Pacific states, especially those in Southeast Asian region. The foundation of ASEAN was their first attempt to build such a

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<sup>14</sup> Robert Keohane, “Multilateralism: An Agenda for Research,” *International Journal*, Vol. 45, No.4 (Autumn 1990), 73.

<sup>15</sup> John Gerard Ruggie, “Multilateralism: The Anatomy of an Institution,” *International Organization*, Vol.46, No.3 (Summer 1992), 566.

<sup>16</sup> For comprehensive explanations about the nuances between Keohane and Ruggie’s definitions of multilateralism, see Craig A. Snyder, “Building Multilateral Security Cooperation in the South China Sea,” *Asian Perspective*, Vol.21, No.1, (Spring-Summer), 8-9; Hongying Wang, “Multilateralism in Chinese Foreign Policy: The Limits of Socialization,” *Asian Survey*, Vol.40, No.3, 476-477; Nor Azmal Mohd. Nazir, “Multilateralism: ASEAN and Regional Conflict Management Process.” Paper presented at the International Workshop on New Dimensions of Conflict and Challenges for Conflict Management in Southeast Asia, December 5-9, 1999, Malaysia, 1-2.

kind of multilateral cooperative mechanism.<sup>17</sup> The ASEAN Way is widely accepted by its members as the mechanisms for solving their conflicts. Although the ASEAN Way is not as effective as some optimists expect,<sup>18</sup> ASEAN is still quite confident of solving the disputes multilaterally. Because of China's unilateral moves into the South China Sea, it emerged as a major regional destabilizer. There was much debate on how to deal with an expanding China.<sup>19</sup> Whether to engage, contain or resist China became an irresistible concern to both decision makers and overseas China experts. As a result of various exchanges, there was growing consensus within Southeast Asian leaders that accommodating China would serve their national interests.<sup>20</sup> Southeast Asian states expected that they could encourage China to join the multilateral mechanism so as to solve the conflict peacefully. The reasons for this option are listed as follows: 1) Spratly Islands in the South China Sea are claimed by several countries. As it is a multilateral dispute, the South China Sea conflicts can not be resolved bilaterally;<sup>21</sup> 2) Concerning China's growing influence in the South China Sea region, it would be unfairly

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<sup>17</sup> ASEAN was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Till 2004, the group has expanded to 10 members, including the new comers, namely Brunei, Cambodia, Laos, Myanmar, and Vietnam.

<sup>18</sup> See for example, David Martin Jones and Mike L Smith, "The Strange Death of the ASEAN Way," *Australian Financial Review*, April 12, 2002; Simon S. C. Tay and Jesus P. Estanislao, "the Relevance of ASEAN Crisis and Change," in *Reinventing ASEAN*, eds. Simon S. C. Tay, Jesus P. Estanislao, and Hadi Soesastro (Singapore : ISEAS, 2001), 3; Barry Wain, "ASEAN is Facing Its Keenest Challenges to Date," *Asian Wall Street Journal*, February 23, 1998; Murray Hiebert, "Out of Its Depth," *Far Eastern Review*, February 19, 1998, 26; Shaun Narine, "ASEAN and the Management of Regional Security," *Pacific Affairs*, Vol.71, No.2 (summer 1998), 195.

<sup>19</sup> See for example, Gerald Segal, "East Asia and the 'Constrainment' of China," in *East Asian Security*, eds. Michael E. Brown, Sean M. Lynn-Jones, and Steven E. Miller (Cambridge, Mass.: MIT Press, 1996), 159-187.

<sup>20</sup> For example, Singapore's Foreign Minister Wong Kan Seng explained the importance to engage China firmly in the multilateral security dialogue. See Michael Leifer, "Will ASEAN Pay the Price for Peace?" *The Business Times*, (July 28, 1993). See also Ralf Emmers, "The Influence of the Balance of Power Factor within the ASEAN Regional Forum," *Contemporary Southeast Asia*, Vol. 23, No.2 (August 2001), 279.

<sup>21</sup> The Paracel Islands are mainly claimed by two countries, China and Vietnam. However, the territory is also claimed by a third party of Taiwan. Meanwhile, Vietnam is trying to internationalize the disputes and the resolution to the conflicts is widely concerned by the other ASEAN members. As a result, the paper presumes that the Paracel conflict also has its multilateral elements.

advantageous for China to bilaterally deal with its Southeast Asian neighbors.

Multilateralism provides a good option for individual nations to speak in one voice, in order to deny a potential hegemon the ability to assert its dominance; 3) Joining the multilateral mechanism could socialize China as a responsible power. The ASEAN Way, which calls for consultation and consensus, is also accepted by China. It would be helpful for China to engage multilateral forums and finally become an active supporter to peaceful resolutions of the South China Sea conflicts.

As for the multilateralism in Chinese theory of international relations, Hongying Wang argues, “the Chinese understanding of nominal multilateralism is quite similar to that of the prevailing Western definition”, although differences do exist between the definitions of qualitative multilateralism. One of the major differences is that Chinese foreign policy does not permit interferences by outsiders, even multilateral international organizations or forums.<sup>22</sup>

In reality, there is no concrete understanding of multilateralism among Chinese international relations scholars. Multilateralism was introduced to China in the 1980s. The theory of multilateralism is quite new to Chinese scholars. The research on multilateralism in China is still “near its starting point, far from maturity”.<sup>23</sup> On the other hand, being a “Middle Kingdom” for a long time, China did not have much experience of

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<sup>22</sup> Hongying Wang, “Multilateralism in Chinese Foreign Policy: The Limits of Socialization,” 479.

<sup>23</sup> Zhang Xinhua, “Chinese Literature on Multilateralism and the United Nations System,” in *Multilateralism in Multilateral Perspective: Viewpoints from Different Languages and Literatures*, ed. James P. Sewell (the United Nations University, 2000), 56; see also Rizal Sukma, “ASEAN and the ASEAN Regional Forum: Should “The Driver” be Replaced?” *Indonesia Quarterly*, Vol.27, No.3 (1999), 239.

cooperating with the other countries. When the People's Republic of China was founded, it remained as a weak power. "The New China" was eager to participate in international affairs but was afraid of being dominated by other powers. China felt more confident in coping with the conflicts bilaterally rather than multilaterally, because China was afraid of being taken advantage of by the partners in the multilateral frameworks.<sup>24</sup> As a result, China only entered into the multilateral cooperative mechanisms that served its national interests, such as the United Nations and the World Trade Organization.<sup>25</sup> Even when engaging in these mechanisms, China was always mindful of keeping its foreign policy independent. China's behavior goes against the both nominal and qualitative definitions of multilateralism by Western international relations scholars.

Although the Chinese maintain a cautious stance towards multilateralism, they have seen the potential benefits for participating in multilateral cooperation. This remarkable change of attitude took place in the 1990s. Premier Li Peng's visit in Singapore in August 1990 has indicated China's willingness to seek a peaceful settlement multilaterally. During his trip, Li announced that China was prepared to set aside the territorial disputes in the South China Sea and pursue cooperation with the other claimants to explore the region collectively.<sup>26</sup> Chinese Foreign Minister Qian Qichen stated during his trip to Singapore in 1993 that, "as for security cooperation, in our view, we may start off with bilateral and regional security dialogues of various forms, at different levels and through

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<sup>24</sup> Yang Chengxu, "Dui dongya anquan wenti de fenxi," (Analysis of East Asian Security), *Guoji wenti yanjiu*, No.3 (May 1994), 19-22.

<sup>25</sup> Just as what Long Yongtu had said, "when our country joins an international organization, our top priority remains our sovereignty and our national interest." See Long Yongtu, "Jiaru shimaozuzhi, rongru guojishenhui zhuliu," (Joining the WTO, blending into the main stream of the international society), *Guoji maoyi wenti (Issue of International Trade)*, No.9 (September 1999), 2-3.

<sup>26</sup> *Foreign Broadcast Information Service, Daily Report: East Asia*, August 13, 1990, 36.

various channels in response to the diversity of the region. China will actively participate in these dialogues and consultations”.<sup>27</sup> Almost at the same time, China’s officials and experts, who attended in a “private capacity”, began to talk with their Southeast Asian counterparts on the South China Sea issue at multilateral conferences and workshops. The most significant informal multilateral cooperative mechanism was the workshop entitled “Managing Potential Conflicts in the South China Sea” (MPCSCS) hosted by Indonesia.<sup>28</sup> The workshop was financially supported by Canada and has met annually since 1990. The first meeting involved only ASEAN members. The main task was to discuss the sincerity of Li Peng’s proposal and work out the strategy towards China. Since the second workshop in 1991, China has attended the meetings actively (See table 2). This unofficial, or second track, workshop was embraced by China because the working group was totally independent and did not support any particular jurisdictional claim in the disputed region.

Table 2: Workshop on Managing Potential Conflicts in the South China Sea, 1990-2001

| Meeting          | Dates            | Location               | China’s status |
|------------------|------------------|------------------------|----------------|
| First Workshop   | 1990/1/22-1/24   | Bali, Indonesia        | N.A.           |
| Second Workshop  | 1991/7/15-7/18   | Bandung, Indonesia     | Formal Member  |
| Third Workshop   | 1992/6/28-7/2    | Yogyakarta, Indonesia  | Formal Member  |
| Fourth Workshop  | 1993/8/23-8/25   | Surabaya, Indonesia    | Formal Member  |
| Fifth Workshop   | 1994/10/26-10/28 | Bukittinggi, Indonesia | Formal Member  |
| Sixth Workshop   | 1995/10/09-10/13 | Balikpapan, Indonesia  | Formal Member  |
| Seventh Workshop | 1996/12/14-12/17 | Batam, Indonesia       | Formal Member  |
| Eighth Workshop  | 1997/12/2-12/6   | Puncak, Indonesia      | Formal Member  |
| Ninth Workshop   | 1998/12/1-12/3   | Jakarta, Indonesia     | Formal Member  |
| Tenth Workshop   | 1999/12/6-12/8   | Bogor, West Java,      | Formal Member  |

<sup>27</sup> “China Ready to Take Part in Asian Security Dialogue”, excerpts from speech by Vice-Premier and Foreign Minister Qian Qichen at the Foreign Correspondents’ Association in Singapore, July 24, 1993, *Beijing Review*, August 9-15, 1993.

<sup>28</sup> See Lee Lai To, *China and the South China Sea dialogues* (Westport, Conn.: Praeger, 1999). The book offers a useful review of China’s engagement of both informal and formal multilateral dialogues.

|                   |        |                    |               |
|-------------------|--------|--------------------|---------------|
|                   |        | Indonesia          |               |
| Eleventh Workshop | 2001/3 | Jakarta, Indonesia | Formal Member |

Source: compiled by the author

The first chance China talked with its Southeast Asian neighbors in a regional formal multilateral setup was in 1991. Chinese Foreign Minister Qian Qichen was invited by ASEAN counterparts to attend the 24<sup>th</sup> Asian Ministerial Meeting (AMM) as a guest. As it was the debut for China on formal Sino-ASEAN multilateral stage, ASEAN was afraid of discouraging China's participation in the dialogue by talking about some sensitive issues. As a result, the territorial disputes in the South China Sea were not raised during the meeting. Meanwhile, China did not want the territorial disputes to be internationalized and was quite satisfied with ASEAN's such arrangement. However, at the 25<sup>th</sup> AMM in 1992, Vietnam, as an observer, initiated the proposal to talk about the South China Sea issue. As a response, China reiterated its stance and kept the disputes silent in such a formal multilateral dialogue.

The 1995 ASEAN Regional Forum (ARF) allowed the South China Sea disputes to be discussed for the first time at the highest-ranking formal multilateral mechanism in the region (See table 3). The first ARF meeting took place in Thailand, 25 July 1994. China then was a consultative partner. The ARF was a consultative body established on the initiative of the ASEAN states. The South China Sea conflict was one of the three key issues that were raised at that meeting. After the Mischief Reef incident in 1995, China made a move to talk about the territorial disputes during the meeting in Brunei. As Qian Qichen stated when he arrived in Brunei, "China was ready to work with the countries

concerned to settle the relevant disputes appropriately through peaceful negotiations according to recognized international law and the contemporary law of the sea, including the basic principles and legal regimes defined in the UN Convention on the Law of the Sea”.<sup>29</sup> From the 1995 session onward, the South China Sea discussion became part of agenda at annual meetings.

Table 3: ASEAN Regional Forum, 1994-2001

| Meeting       | Dates     | Locations                              | China's status       |
|---------------|-----------|--|----------------------|
| First Forum   | 1994/7/25 | Bangkok, Thailand                      | Consultative Partner |
| Second Forum  | 1995/8/1  | Bandar Seri Begawan, Brunei Darussalam | Consultative Partner |
| Third Forum   | 1996/7/23 | Jakarta, Indonesia                     | Dialogue Partner     |
| Fourth Forum  | 1997/7/27 | Subang Jaya, Malaysia                  | Dialogue Partner     |
| Fifth Forum   | 1998/7/27 | Manila, Philippines                    | Dialogue Partner     |
| Sixth Forum   | 1999/7/26 | Singapore                              | Dialogue Partner     |
| Seventh Forum | 2000/7/27 | Bangkok, Thailand                      | Dialogue Partner     |
| Eighth Forum  | 2001/7/25 | Ha Noi, Viet Nam                       | Dialogue Partner     |

Source: compiled by the author

However, China's unilateral moves in the 1990s seemed to go against its embrace of multilateral cooperation with its Southeast Asian neighbors. On 25 February 1992, China passed the "Territorial Sea and Contiguous Zones" Law, laying claims to all of the South China Sea Islands. Later that year, China National Offshore Oil Corporation signed a joint exploration contract with a U.S. company, namely Crestone Energy Corporation, to explore oil in the disputed waters unilaterally, although the contract was opposed by Vietnam. China was also prepared to send naval troops to safeguard the company. In

<sup>29</sup> ASEAN Secretariat, *Twenty-Eight ASEAN Ministerial Meeting, Post Ministerial Conferences and Dialogue Partners and ASEAN Regional Forum* (Jakarta: ASEAN Secretariat, 1995), 66.

February 1995, China occupied the Mischief Reef, claimed by the Philippines, in the Spratly Islands, and then went on to establish military facilities at the end of 1998.

Beijing's unilateral actions were adverse to any notion of multilateral cooperation. Many states began to doubt China's sincere commitment to renounce the use of force and settle the disputes multilaterally. Even from China's perspective, although it agreed to join the multilateral dialogue, it still highlighted the importance of bilateral forums to resolve the territorial disputes. Thus, how to explain China's entry into multilateral cooperative mechanism has emerged as an interesting question for the students of international relations in East Asia. The study will try to explain China's controversial involvement in the multilateral setups.

The next chapter undertakes broad literature review with regard to China's entry into multilateral cooperative mechanism in the South China Sea. Considering the gap between existing academic work and reality, I would like to apply the neorealist theory of hegemonic stability, which is persuasive in explaining China's worldview and strategy, in the second chapter. Based on neorealism, my hypothesis argues that China's entry into multilateral cooperative mechanism is to pursue hegemonic status in the region. The chapter will test whether it is feasible to apply the neorealist theory of hegemonic stability to explain the South China Sea realities. In the third and fourth chapters, two cases would be explored to analyze China's pursuance of hegemonic status in the region. The research design of this paper follows a way of qualitative analysis with the case study as the main methodology. The cases cover "Track I" (ARF) and "Track II"



(MPCSCS) multilateral frameworks,<sup>30</sup> ranging from 1990 to 2001.<sup>31</sup> The last chapter concludes and examines the policy implications for both the South China Sea disputants and outsiders.

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<sup>30</sup> It does not imply that the South China Sea disputes are discussed only within the MPCSCS and ARF. Multilateral functions that touch this issue also include the Council for Security Cooperation in the Asia-Pacific (CSCAP), the Foreign Ministers' Meeting of ASEAN-China, Japan, South Korea (10+3), the Foreign Ministers' Meeting of Post Ministerial Conferences (PMC) with ASEAN dialogue partners, and ASEAN-China Dialogue Meeting (10+1).

<sup>31</sup> Since the terrorist attack in 11<sup>th</sup> September 2001, terrorism drew back the US attention to the Southeast Asia. The US became more active in safeguarding the maritime security in the South China Sea. Then the conflicts in this region became more complicated and unpredictable. As a result, this author just checks the two cases until 2001. For the argument of Sino-ASEAN relations after the terrorist attack, see Alice D. Ba, "China and ASEAN: Renavigating Relations for a 21<sup>st</sup>-Century Asia," *Asian Survey*, Vol.43, No.4 (2003), 644.

## **CHAPTER 1:**

### **LITERATURE REVIEW**

Though China's engagement into multilateral cooperation in the South China Sea disputes has surfaced in writings on conflict resolutions in this region by different scholars, so far very few attempts have been made to explain the reasons for China's changing attitude toward multilateralism. The existing debates mainly follow three lines of arguments. The three grand systemic theories include realism, liberalism and constructivism. Departing from the each of these theories, observers would view China's South China Sea policy from a distinctive perspective respectively.

#### **1.1 REALISM**

Realism has dominated the study of international relations over the past fifty years. It has been widely considered persuadable by international relations students to interpret China's behavior on the South China Sea conflicts. According to realist theory, states are the key actors in world politics. States are operating in an anarchic system because no higher government sits above them. Staying in such a self-help system, a state has to protect itself from being controlled by foreigners, including other states and international institutions. As a result, states seldom commit sincerely to the principles or sacrifice their authority to the organizations. Rational states only view international organization or multilateral entity as an instrument to pursue their national interests. Although most

international law or rule is obeyed, it would be verified or broken by strong states at any time they like.<sup>32</sup>

Rooted in realist theory, Yong Deng insisted that the conception of national interests played a predominant role in China's foreign policy. And *realpolitik* thinking was much more popular than liberal values within both Chinese officials and international relations scholars. Pushed by the realist thinking, China's decision makers paid attention mainly on how they could take advantage of the transnational and multilateral networks to protect and maximize China's national interests. Meanwhile, in the face of the pressure from regional security multilateralism in the 1990s, China was compelled to adopt a low-key posture in the changing international environment.<sup>33</sup>

Yong Deng's argument is persuasive. He provided a broad view of China's attitude towards regional multilateralism. However, he did not go further to explain the specific cases. His argument is still waiting to be tested on whether it can be applied to interpret China's engagement in multilateral frameworks for the South China Sea conflict resolutions. Meanwhile, the extent of foreign pressure's influence on China's attitude towards multilateralism also needs further explanation. Did it cause a greater liberal influence within China's think-tank, or a more defensive stance of China's realist decision-makers?

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<sup>32</sup> Kenneth N. Waltz, "Structural Realism after the Cold War," *International Security*, Vol.25, No.1 (Summer 1997), 27.

<sup>33</sup> Yong Deng, "The Chinese Conception of National Interests in International Relations," *The China Quarterly*, No.154 (June 1998), 308-329.

The question above was answered by Lee Lai To. According to Lee's argument, China was compelled to touch the Spratly issue in the formal ARF whether it liked it or not.<sup>34</sup>

Tobias Ingo Nischalke also said that China had been affected by ASEAN and had to make concessions although it still rejected multilateralism and internationalization of the South China Sea disputes.<sup>35</sup>

Swaine and Tellis' explanation was situated in the power transition theory that expected that China, as a rising power, would be unsatisfied with the status quo and was going to behave assertively. They examined China's grand strategy from historical and conceptual perspectives. They concluded that the "calculative" strategy was preferable to China's interests and had been used by China in recent decades. When explaining China's embrace of a multilateral framework, the authors agreed that the territorial claims of the South China Sea were significant to China's interest. However, it could not be resolved in the near future. As a result, China's strategy was to postpone the issue until the opportunity was to China's advantage. What could be expected was that "Beijing would seek sinocentric solutions to this territorial dispute".<sup>36</sup> Thus, the reason for China to participate in the multilateral security framework was that "Beijing realized that its lack of participation could result in these institutions adopting policies that might not be in China's best interests".<sup>37</sup>

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<sup>34</sup> Lee Lai To: *China and the South China Sea dialogues* (Westport, Conn. : Praeger, 1999), 43.

<sup>35</sup> Tobias Ingo Nischalke, "Insights from ASEAN's Foreign Policy Co-operation: The "ASEAN Way", a Real Spirit or a Phantom?" *Contemporary Southeast Asia*, Vol.22, No.1 (April 2000), 100.

<sup>36</sup> Michael D. Swaine and Ashley J. Tellis, *Interpreting China's Grand Strategy: Past, Present, and Future* (Santa Monica, CA: Rand, 2000), 201.

<sup>37</sup> *Ibid*, 136.

Avery Goldstein's argument is similar to Swaine and Tellis'. He tried to explore the hidden intentions of China's international behavior from its grand strategy as well. But his understanding of grand strategy was different from the previous two researchers'. Goldstein viewed China's contemporary grand strategy as seeking to "engineer the country's rise to the status of a true great power...that shapes the international system."<sup>38</sup> Thus, China's warmer embrace of multilateralism was to serve its great power diplomacy. That is, to be involved in regional and global matters, to reassure the other disputants and to enhance China's reputation as a responsible actor. Another reason was that bilateralism cannot provide the expected leverage when the South China Sea conflicts were intensified and China had no better choice but to participate in the multilateral framework organized by the united regional actors. He explained further in his later paper that the reason for China's interest in multilateral framework was to "buy the time it will take to develop a power projection capability that can serve as a coercive hedge against the failure of diplomacy."<sup>39</sup>

Rooted in structural realism, Goldstein and the other researchers' arguments provided reasonable explanations for China's foreign policy. It seemed persuasive, especially when it was applied to explain that China wanted to shape the regional order by using multilateralism as a tool. However, it is hard to say whether China's embrace of multilateralism is a defensive option or not. According to the scholars, China's move to the multilateral forum was considered as a defensive action. "Its initial participation was

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<sup>38</sup> Avery Goldstein, "The Diplomacy Face of China's Grand Strategy: A Rising Power's Emerging Choice," *China Quarterly* (2001), 836.

<sup>39</sup> Avery Goldstein, "Structural Realism and China's Foreign Policy: Much (But Never All) of the Story," in *Perspectives on structural realism* ed. Andrew K. Hanami (New York, NY: Palgrave Macmillan, 2003), 142.

the result of a constrained choice”.<sup>40</sup> Holding a different opinion, I propose that China’s engagement is an offensive move. When the conflict is intensified, it does not necessarily mean that the Southeast Asian countries would unite together against China. For example, it was hard for them to make a concerted stand after the Mischief Reef incident in 1995. China did not feel pressured and it was not forced to respond to international environment. As a regional power, China can decide not to be involved in the multilateral frameworks until it is well prepared. When China attends multilateral talks, it would bring its own ideas as well. What China wants to do in the meeting is to play power politics in order to rewrite or revise the rules to China’s advantage. Then the rules could be used as an effective tool for China to solve the South China Sea conflicts, regarding the current irresolvable conditions.

Michael Yahuda, another realist, went further to explain China’s movement to the multilateral frameworks. His paper provides an overview of China’s engagement with international community during the last 50 years and evaluates China’s current international standing and her conduct of foreign affairs. As Yahuda said, China had realized that it could not take advantage of the multilateral institutions unilaterally without fulfilling its own duty within the groups, especially in the 1990s. Thus, China showed its eagerness to be the part of multilateral mechanism, even within the ARF that was concerned with security issues. However, China’s intention was to promote “its own ideas for international norms and regimes”.<sup>41</sup> That is the reason why China agreed to talk

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<sup>40</sup> Michael D. Swaine and Ashley J. Tellis, *Interpreting China’s Grand Strategy: Past, Present, and Future*, 136.

<sup>41</sup> Michael Yahuda, “China’s Foreign Relations: The Long March, Future Uncertain,” *China Quarterly*, No.159 (1999), 653.

about the Spratly conflicts multilaterally but “little direct progress has been registered so far”.<sup>42</sup>

Yahuda’s argument is similar to my hypothesis. However, he was uncertain about the depth of China’s commitment to the internationalist approach. His doubts were due to the reason that “China is still ruled by a communist party”.<sup>43</sup> Nevertheless, communist ideology did not play such an important role in deciding China’s foreign policy in the 1990s.<sup>44</sup> Thanks to China’s “open-up” policy, market-orientated economy has been introduced to China. Learning from Western experience, China has become quite familiar with the capitalist world. Meanwhile, due to the collapse of the Soviet Union, China realized the necessity of economic reforms and engagement in the world community. Communist ideology would have to become secondary to national interest. The ideology is in the process of being purged from China’s foreign policy. In light of the above arguments, it is easy to realize that the very determinant of foreign policy should be national interest, a concern that is taken into account all the time, even during the Cold War. In accordance to national interests, China’s commitment to a multilateral approach is foreseeable. That is why my hypothesis will go further than Yahuda’s argument.

Unlike the mainstream arguments, Eric Hyer tried to explain China’s behaviors in the South China Sea disputes by applying a two-track “hard/soft” policy.<sup>45</sup> The method was

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<sup>42</sup> Ibid, 654.

<sup>43</sup> Ibid.

<sup>44</sup> This is the essence of a secret “red-heading” document issued by Beijing. See the *Chao-Liu* (Currents) Monthly, Hong Kong, November 1991.

<sup>45</sup> Eric Hyer, “The South China Sea Disputes: Implications of China’s Earlier Territorial Settlements,” *Pacific Affairs*, Vol.68, No.1 (Spring 1995), 34-54.

to analyze China's pattern of earlier territorial settlements. Following the same tack taken in the disputes of early period (1960s-1990) and disputes with Japan over the Senkaku Islands (*Diaoyu Dao*), China's strategy could be interpreted into two-track "hard/soft" policy. The policy implied that China considered its territorial claims as non-negotiable issues, even at the expense of military clashes. However, as strategic considerations changed, China was willing to compromise and seek peaceful settlements. In line with this logic, just after China's military expansion in the Spratlys in 1988, "Beijing quickly moved to ensure its active participation in the discussions among concerned parties to prevent the conflict from hampering developing relations with the ASEAN states".<sup>46</sup> Then China's welcome of the Workshop on Managing Potential Conflicts in the South China Sea in 1990 was considered as a change from its earlier "hard" approach to a later "soft" approach. According to the author, if the "hard/soft" approach was adopted in this dispute, "Beijing's future behavior is predictable".<sup>47</sup>

Hyer's "hard/soft" policy is derived from the examination of China's earlier territorial settlements. His assumption is that both the shift of balance of power since the end of the Cold War and China's military superiority in this region do not necessarily indicate a change of China's strategy. Here, his assumption should be contested. China's two-track policy was mainly determined by the Cold War and the Indochina conflict. Since the end of the Cold War, the balance of power in this region has been changed following the withdrawal of the U.S. and Russian influences. This would make it easier for China to deal with the disputants in Southeast Asia. Meanwhile, Southeast Asian countries have

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<sup>46</sup> Ibid, 51.

<sup>47</sup> Ibid, 53.



been feeling the pressure from this giant neighbor. As a result, it is hard to say whether China's South China Sea policy shares the same tack with its early territorial settlement. The two-track policy may, but not necessarily, explain China's entry into multilateral mechanisms.

Hyer's "hard/soft"-policy argument was shared by Ross Marlay. An analysis of the Mischief Reef incident and China's behavior aftermath was included in Marlay's research to test China's two-track policy. Meanwhile, Marlay added that "China's diplomacy towards Southeast Asia seems unpredictable and erratic...claims are turned on and off at will".<sup>48</sup> The reason for China to discuss the South China Sea disputes multilaterally after the Mischief occupation was to make a concession in order to calm down the Southeast Asian disputants.

However, China's South China Sea policy is not as fluid as Marlay maintained. Holding a worldview of *realpolitik*, China was considered as a rational actor. China's relationship with the Southeast Asian nations played a great part in its global ambitions. China's avocation of "shelve disputes while, conducting joint development", its unilateral actions to the Mischief Reef, embrace of the informal multilateral workshop and later formal forum, could not be considered erratic. All the moves have been carefully calculated in order to serve China's long-term strategy. "Hard/soft" policy just leaves us a superficial view of China's policy towards the South China Sea disputes. That would be easy to give observers a sense that China's behavior is unpredictable. In reality, China's real intention

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<sup>48</sup> Ross Marlay, "China, the Philippines, and the Spratly Islands", 199.

is to build up hegemonic stability by using multilateral tools in the region. Considering this strategy, China's move in the region is foreseeable.

Similar to the "hard/soft" policy, Quan Sheng Zhao tried to classify China's foreign policy into two forms that were characterized as negotiable and non-negotiable. He provided an overview of China's foreign-policy behavior patterns. He agreed that China's foreign-policy behavior was a combination of flexibility and rigidity. The two characters originated from the two categories of principles that are essential and rhetorical respectively. If the issue was "China's vital and enduring national interests",<sup>49</sup> taking sovereignty as an example, it was non-negotiable and considered as an essential affair. If the issue was "highly sensitive but less substantial",<sup>50</sup> it could be negotiated and called a rhetorical affair. Thanks to the changing of domestic conditions and international environment, "nonnegotiable principles may be converted to negotiable principles through the use of unofficial arrangements or informal channels".<sup>51</sup> However, nonnegotiable issues, such as the South China Sea conflict, could lead to international conflicts as well for the reason of nationalism.

The argument reflects the dominance of realist thinking in China's foreign-policy making process. The two-principle pattern helps China secure as much advantage as it can. However, the pattern cannot explain the China's policy towards the South China Sea conflict clearly and even self-conflicting at times. Territorial dispute in this region is

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<sup>49</sup> QuanSheng Zhao, "Patterns and Choices of Chinese Foreign Policy," *Asian Affairs An American Review*, Vol.20, No.1 (Spring 1993), 4.

<sup>50</sup> Ibid, 4.

<sup>51</sup> Ibid.

considered essential. On the other hand, China has been more active in participating both informal and formal mechanisms to solve the conflicts. Does it mean that the nonnegotiable issue has already been changed to a negotiable one? If yes, then we can anticipate the peaceful resolution. Yet, the Mischief Reef incident is more likely to give us the alternative answer that is no. According to the author's logic, nationalism plays more important role in the South China Sea issue. The nationalism leads to a rigid character of China's foreign policy. However, it cannot explain China's more flexible engagement into multilateralism with its Southeast Asian counterparts on the South China Sea conflict. The explanation makes the readers confused and the argument of China's foreign-policy pattern cannot be applied to interpret China's moves on this issue.

## **1.2 LIBERALISM**

The primary alternative international relations theory is liberalism, which questions most of realism's basic assumptions. Since the end of the Cold War, realism has been widely viewed as obsolete.<sup>52</sup> To many, Liberalism seems to give a more persuasive explanation of world realities. Liberalists stress that although states may be rational and self-interested, disputes between them can be prevented if the states really want to avoid it. For them, war is not the major topic of the international arena any longer. Instead, international trade is increasing in importance within the state interactions. Peace and development have become the primary features of international relations.

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<sup>52</sup> For example, Richard Ned Lebow, "The Long Peace, the End of the Cold War and the Failure of Realism," *International Organization*, Vol.48, No.2 (Spring 1994), 249-277.

One major camp of liberalism is interdependence theory. Liberals argue that economic interdependence lowers the likelihood of war.<sup>53</sup> As the participants can get benefits through cooperation, international trade inevitably causes the dependence of states on one another. Then any assertive actions would be constrained by fear of damaging economic interdependence.

Starting from interdependence theory, Hongying Wang provided us with a broad overview of the development of multilateralism in Chinese foreign policy. Although she did not explain the reason for China's changing attitude towards multilateralism clearly, she tried to give us another explanation. She argued, "China's positive attitude toward multilateralism may have less to do with changes in its preferences through learning and socialization than with the structural changes in the world".<sup>54</sup> Interdependence around the world has been widely considered as the trend for the international relations. This changing structure caused China to seek multilateral cooperation to gain national power and glory.

Shee Poon Kim provided a more specific explanation. He incorporated the South China Sea conflicts with the analysis of China's strategic thinking. His argument was that China's multilateral diplomacy in this region was driven by the motive to establish or improve relations with neighboring states. According to the author, China's strategic behavior was largely affected by its strategic thinking, especially Deng Xiaoping's eight

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<sup>53</sup> See for example, Richard Cobden, *The Political Writings of Richard Cobden* (London: T. Fischer Unwin, 1903), 225.

<sup>54</sup> Hongying Wang, "Multilateralism in Chinese Foreign Policy: The Limits of Socialization," *Asian Survey*, Vol.40, No.3 (May/June 2000), 490.

strategic principles. The most influential principle is the theme of “peace and development”. Thus, the most important priority in China’s foreign policy objectives in the South China Sea issue was to “ensure a stable external environment conducive to China’s economic modernization and growth”.<sup>55</sup> That was the reason why China restrained its behavior in face of the other South China Sea disputants and advocated shelving the sovereignty disputes while promoting joint development.

Similarly, both Tim Huxley and Rupert Hodder insisted that China’s international policies were conservative and constructive.<sup>56</sup> The primary concern of China was to keep the regional stability in order to promote international trade and inflow of foreign capital and technology. China had been quite conservative in the South China Sea conflict, seeking opportunities for cooperation with the other disputants in order to consolidate existing relationships. Multilateralism worked as a possible channel for communication.

The arguments above are reasonable when they are applied by the authors to explain China’s benign action that is to keep the tensions at a low level and place more importance on economic relations. However, they cannot explain the outbreak of the Mischief Reef incident. In China’s strategic thinking, territory and sovereignty cannot be overridden by the other concerns, even economic benefits, in the foreseeable future. It seems that China has been prepared to risk its relationship with Southeast Asian nations when it plans to occupy the disputed islands. Meanwhile, according to Gerald Segal, the

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<sup>55</sup> Shee Poon Kim, “The South China Sea in China’s Strategic Thinking,” 378.

<sup>56</sup> Tim Huxley, “A Threat in the South China Sea? A Rejoinder,” *Security Dialogue*, Vol.29, No.1 (1998), 116-117; Rupert Hodder, “China and the World: Perception and Analysis,” *Pacific Review*, Vol.12, No.1 (1999), 72.

disruption of trade relations with Southeast Asia does not mean so much to China's economic development.<sup>57</sup> In struggling for independence in foreign policy, China fights to reject any constraint of economic interdependence that would cause China to excessively depend on others. When China faces the decrease of foreign trade, it could expand internal demands for sustaining its economic development. As a result, relations between China's concern of interdependence and its behavior on the South China Sea conflict should be questioned.

Another camp departing from liberalism is liberal institutionalism. The theory challenges realism's concept of anarchy and insists that state is not the only actor in international relations. International institutions and regimes can shape and limit state behavior. To be part of an international community, the state has to abide by the moral and legal principles within the system. Otherwise, the political and economic costs of violating the norms could be high.

Rosemary Foot explored "the basis for China's now more positive appraisal of the ARF".<sup>58</sup> Her explanation is shared by other analysts of international organizations. From her point of view, the main reason was the transformatory effects of the multilateral mechanism. The regular participation helps the members to develop a sense of interdependence. The participants are encouraged to set and later abide by the norms and rules within the body. China had been increasingly satisfied with the ARF structure and

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<sup>57</sup> Gerald Segal, "East Asia and the 'Constraint' of China", 175.

<sup>58</sup> Rosemary Foot, "China in the ASEAN Regional Forum: Organizational Processes and Domestic Modes of Thought," *Asian Survey*, Vol. XXXVIII, No.5 (May 1998), 426-427.

approach to security questions during its participation.<sup>59</sup> China's domestic bureaucracies and research institutes became more likely to embrace the idea of multilateralism and began to enjoy the existence in the multilateral organizations. China had also publicly accepted that resolving "overlapping claims over islands in the South China Sea would have been unlikely in the absence of the ARF".<sup>60</sup> All these imply that China is on its way of being socialized. China can be counseled to be a self-restraining and responsible power, and able to lead a peaceful settlement of the South China Sea conflict in the end. Craig A. Snyder has a similar view arguing, "The evolutionary nature of cooperative security approaches offers an opportunity to convince the Chinese of the benefits of participating in multilateral institutions".<sup>61</sup> Snyder stressed that although China's move to regional multilateralism was largely affected by Sino-U.S. relations at that time, the benefits of being involved in the multilateral institutions did help China to allow the inclusion of the Spratly disputes at the ARF meetings.

Liberal institutional arguments are easy to be challenged when we consider China's hard *realpolitik* worldview.<sup>62</sup> China's military presence in the Mischief Reef causes doubt of China's embrace of multilateral cooperation. For China, the issue of sovereignty is non-

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<sup>59</sup> Except for China's satisfaction with the multilateralism, Jusuf Wanadi adds that a peaceful surrounding for China's modernization is another important reason for China to embrace multilateralism. See Jusuf Wanadi, "The Rise of China: A Challenge for East Asia," *Indonesian Quarterly*, Vol.XXX, No.3 (2002), 227-228; See also Niklas Swanström, *Conflict Management and Negotiations in the South China Sea: The ASEAN Way?* [cited 3 May 2005], available from: [www.sum.uio.no/southchinasea/Publications/pdf-format/Swanstrom.pdf](http://www.sum.uio.no/southchinasea/Publications/pdf-format/Swanstrom.pdf)

<sup>60</sup> Rosemary Foot, "China in the ASEAN Regional Forum: Organizational Processes and Domestic Modes of Thought", 439.

<sup>61</sup> Craig A. Snyder: "Building Multilateral Security Cooperation in the South China Sea," *Asian Perspective*, Vol.21, No.1 (Spring-Summer 1997), 6.

<sup>62</sup> Even in the period of the 1980s and 1990s, "hard *realpolitik* decision rules continue to dominate the Chinese leadership's approach to foreign policy and security affairs." See Alastair Iain Johnston, "Cultural Realism and Strategy in Maoist China," in *The Culture of National Security: Norms and Identity in World Politics*, ed. Peter Katzenstein (New York: Columbia University Press, 1996), 217.

negotiable and China has never given up its claims of the whole South China Sea area. It indicates that the security issue can only be touched in favor of China's interests within the multilateral frameworks. According to China's logic, the cost of breaking the rules cannot be higher than that of the territorial loss. Meanwhile, the multilateral framework involving the South China Sea dispute is still at its early stage. The laws and rules will not have any decisive influence on the members' behaviors. If the regulations cannot meet China's interest, military force remains as the final arbiter of China's foreign policy. As a result, what can be expected is that China will not be constrained by the mechanism. Instead, China is going to dominate the multilateral talks by using power politics to shape its future direction.

### **1.3 CONSTRUCTIVISM**

Apart from the realism and liberalism, constructivism provides us with an alternative point of view towards China's engagement in regional multilateral mechanisms. In contrast to realism and liberalism, which emphasize on overwhelming effect of material conditions on states' identities and interests, constructivism stresses the importance of intersubjective factors.<sup>63</sup> Interstate identity-formation originated primarily from the interactions between them.

Martin Stuart-Fox is a representative of few researchers who explained China's multilateral move to the South China Sea conflict by applying constructivism. He

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<sup>63</sup> Alexander Wendt, "The Agent-Structure Problem in International Relations Theory," *International Organization*, No.41 (Summer 1987), 358-359.



borrowed the concept of history and culture to understand China-Southeast Asia relations. For more than two thousand years, China and Southeast Asian countries had learned how to deal with each other. All the actors had been cultivated to engage into the “tributary system”. The history and culture could shed light on contemporary relations between them. China, as a previous “Middle Kingdom”, hoped to resume its dominant influence. Disrupted by the century of humiliation, China developed a “calculative strategy” to regain its power. The reason for China to begin dealing with its Southeast Asian counterparts on a multilateral platform was that “China has shown itself prepared to act as a good international team player”.<sup>64</sup> That would be helpful to preserve an amicable international environment for China’s development. However, Martin also argued that multilateralism did not mean much to China-Southeast Asia relations due to history and culture. China had been used to dealing with its smaller neighbors bilaterally. Meanwhile, its Southeast Asian disputants could not join a group against China when China annexed the South China Sea territory. According to Martin’s argument, China considered multilateralism as a tool to rebuild intersubjective identity rather than a direct measure to resolve the South China Sea conflict.

Although history and culture had a great influence on the contemporary pattern of relations between China and Southeast Asia, it does not necessarily mean that each actor would follow the same track to deal with each other. The international structure for the

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<sup>64</sup> Martin Stuart-Fox, “Southeast Asia and China: The Role of History and Culture in Shaping Future Relations,” *Contemporary Southeast Asia*, Vol.26, No.1 (2004), 131.

current China is different from that for the ancient China.<sup>65</sup> China has been skillful at playing power politics on world affairs. For the domination of *realpolitik* in China's foreign policy making process, the consideration of history and culture influence would remain secondary.

Taking into account all the literatures discussed above, it is easy to reach the conclusion that liberalism and constructivism are more persuasive to explain China's benign behavior. Otherwise, realism is more reasonable to interpret China's assertive actions.

According to Ji Guoxing, these two divergent explanations are considered as the two parts of China's policy toward the South China Sea disputes. Ji maintained that the "two component parts are contradictory, but coexist in a single entity".<sup>66</sup> To behave as a good neighbor played a determinant role in China's South China Sea policy. As a result, China adopted a conciliatory and flexible attitude in the Spratly disputes and embraced multilateral meetings for conflict resolutions.

Unlike Ji's assessment, Evelyn Goh and Amitav Acharya provided an analysis of the power, interest and legitimation that would influence China's engagement in multilateral frameworks. Structural realism helps us to understand why China was reluctant to talk about the South China Sea conflict prior to the inaugural ARF meeting in 1994. Although China agreed to talk about the issue in the later meetings, it was still constrained when

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<sup>65</sup> He argued that ancient Chinese sense of national security could never prevail again in current China. See Denny Roy, "The Foreign Policy of Great-Power China." *Contemporary Southeast Asia*, Vol.19, No.2 (September 1997), 128.

<sup>66</sup> Ji Guoxing, "China versus South China Sea Security", 101.

national interests and objectives came into conflict with multilateralist goals.<sup>67</sup> China's changing attitude toward regional multilateralism can be explained by applying neo-liberal thinking of hegemonic stability theory. The key reason for China, as a hegemonic power, to pursue multilateral cooperation is legitimacy. China's embrace of multilateralism may be due to its "ideational transitions and identity formation".<sup>68</sup> Beijing began to realize that ARF could serve as a stage for airing its own security perceptions. With the help of the ARF, China could build up its image as a responsible regional power. Meanwhile, ASEAN's position in the ARF had reassured China and made China less anxious within the multilateral talks on sensitive issues.

However, the realities show that there was little change of China's perceptions towards power and legitimacy. After the Mischief Reef occupation in 1995, China fortified its presence on the island in 1998. In light of China's unilateral moves, it could be easy to find that structural realism still played a dominant role in China's worldview. According to the liberal thinking of hegemonic stability theory, China would act as a benign hegemon in order to pursue multilateral cooperation. However, how can a benign hegemon retain an option of claiming the disputed territory militarily? As a result, the ideational transition, which is expected by the two authors, cannot provide a persuasive answer to China's policy change.

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<sup>67</sup> Amitav Acharya, "Multilateralism: Is there An Asia-Pacific Way?" Working paper for the National Bureau of Asian Research, *NBR Analysis*, Vol.8, No.2 (1997), 16 [cited April 15, 2005], available from: <http://www.nbr.org/publications/analysis/vol8no2/v8n2.pdf>

<sup>68</sup> Evelyn Goh and Amitav Acharya, "The ASEAN Regional Forum and US-China Relations: Comparing Chinese and American Positions," Institute of Defense and Strategic Studies, Singapore. Draft paper prepared for the Fifth China-ASEAN Research Institutes Roundtable, "Regionalism and Community Building in East Asia," University of Hong Kong, October 17-19, 2002, 2.

Brantly Womack questioned the utility of the two dominant approaches, namely structural realism and economic interdependence. Instead, the author applied the theory of asymmetry to analyze the role of leadership in China's relations with Southeast Asian nations. According to the logic of this theory, China had a particular responsibility for regional leadership, compared with its Southeast Asian counterparts. To act as a leader, China had decided to enmesh into the regional multilateral frameworks and this "involved a sacrifice of potential leverage against individual states in favor of a stable regional relationship."<sup>69</sup> The efforts included China's more cooperative stance on South China Sea conflict. As a result, the multilateral dispute over this region was then "fairly well buffered against crises."<sup>70</sup>

From the author's point of view, China was building up its reputation as a benign regional leader. This sounds reasonable if we ignore China's military modernization and its unilateral moves in the Mischief Reef in 1995. As China never renounced its claims of territory in the South China Sea, it is difficult to say whether Southeast Asian disputants' autonomy can be acknowledged unless they give up their territorial claims. Until then we will always be suspicious of China's real intention to participate in multilateral frameworks regarding the South China Sea conflict. Superficially it is easier to be seen as a cooperative leader. However, the real reason needs further explanations.

Most of literature above located their analyses at the system level and considered China as a unitary actor, while Rita Akpan and John W. Garver provided an alternative view.

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<sup>69</sup> Brantly Womack, "China and Southeast Asia: Asymmetry, Leadership and Normalcy," *Pacific Affairs*, Vol.76, No.4 (Winter 2003-2004), 540.

<sup>70</sup> *Ibid*, 533.

They explained that China's policy evolution from bilateralism to multilateralism in the 1990s was caused by Chinese bureaucratic politics.<sup>71</sup>

Akpan tried to explain China's engagement into multilateral cooperation by applying content analysis methodology. She agreed that China's intention behind the rhetoric embrace of multilateralism was quite doubtful as the reason for China's multilateral policy appeared vague and ambiguous. Holding the realist worldview, China discovered several benefits in participating in multilateral framework. Firstly, multilateral cooperation with its Southeast Asian counterparts could promote a sense of "Asianism" in order to challenge the Western domination. Secondly, it could help to keep a friendly relationship within the regional environment. A favorable regional relationship would serve China's ambitions to influence global affairs. Meanwhile, a cooperative stance could build up China's image as a benign power in order to rebut the "China threat" theory. Although these were so many gainful reasons for China's embrace of multilateralism, "China's advocacy of multilateralism was more a tactical than a radical change of thinking".<sup>72</sup> Territorial claim was still an uncompromisable issue to China and military occupation had never been renounced as an option for its South China Sea policy. According to Akpan, such an indecisive posture was "a function of the power struggle between the People's Liberation Army (PLA), the Chinese Communist Party (CCP) and the State-Owned Enterprises (SOEs) in the bureaucratic competition of China's decision

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<sup>71</sup> Rita Akpan, *China, The Spratly Islands Territorial Dispute and Multilateral Cooperation-An Exercise in Realist Rhetoric or Mere Diplomatic Posturing? A Critical Review* [cited July 23, 2005], available from: [www.dundee.ac.uk/cepmlp/car/html/car7\\_article18.pdf](http://www.dundee.ac.uk/cepmlp/car/html/car7_article18.pdf); John W. Garver, "China's Push through the South China Sea: The Interaction of Bureaucratic and National Interests," *China Quarterly*, Vol.132 (December 1992), 999-1028.

<sup>72</sup> Rita Akpan, *China, The Spratly Islands Territorial Dispute and Multilateral Cooperation-An Exercise in Realist Rhetoric or Mere Diplomatic Posturing? A Critical Review*, 10.

making politburo”.<sup>73</sup> With the PLA and SOEs’ increasing influential roles in critical decision making, the authority of the CCP had been eroded gradually since Jiang Zemin’s presidency. Different interest groups were responsible for China’s foreign policy swings, causing China to be considered as an unpredictable actor in the region.

Although Garver agreed that China was not a unitary actor, he had a different view of inter-bureaucratic competition from Akpan’s. According to Garver, the divergent views between the Ministry of Foreign Affairs (MFA) and the PLA made China’s policy towards the South China Sea unpredictable. This was because the PLA insisted on exploiting the disputed area, while the MFA cared more about China’s external relations and international reputation. As a result of the Tiananmen incident and the collapse of the Eastern Europe and the Soviet Union, China feared international isolation. This restrained its assertive actions and forced it to embrace the multilateral talks within the region. However, according to the author, the PLA had increasingly dominated the political lobbying, causing its commitment to multilateralism to become secondary.

Although divergent opinions exist between the different bureaucratic agencies and interests, they are not as significant as it was stated by the authors. The main purpose of each department within the government is to serve China’s national interest. Although the MFA or CCP states that China would like to talk with the other disputants, it never renounced its territorial claims and stressed that the sovereignty issue was non-

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<sup>73</sup> Ibid., 13.

negotiable.<sup>74</sup> As such, the MFA (or CCP) and PLA had similar voices, only that the former was soft while the latter was hard. In view of this, my study will overlook their differences and consider China as a unitary actor.

Taking into account all the analyses above, we may find that there are lots of weaknesses in liberal and constructive explanations. Realists, at best, give only vague interpretations of China's multilateral engagement. Due to such shortcomings of the existing debates over China's engagement into multilateralism, this study intends to push for further clarification, using another theory within neo-realism, that of hegemonic stability, to analyze the question.

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<sup>74</sup> See Wang Lanying, "Avoid Conflicts, Make Joint Efforts for Development— Wang Yingfan, Director of Asian Affairs Department of the Foreign Ministry, on the seminar on the South Sea issue." *Liaowang*, Beijing, No.5, August 1991.

## CHAPTER 2:

### THEORETICAL FRAMEWORK

#### 2.1.1 THEORY OF HEGEMONIC STABILITY

The theory of hegemonic stability was originated from the politics of international economy. According to Graham Evans and Jeffrey Newnham in the *Dictionary of International Relations*, “stable regimes, particularly in international economic relations, depend upon a hegemon establishing norms and rules and then superintending their functioning by enlightened use of its capability to encourage other members to work the regime under its hegemonical power”.<sup>75</sup> The exploration of this theory is largely associated with the writings of Charles Kindleberger, Stephen Krasner, Robert Keohane, and Robert Gilpin.<sup>76</sup>

Kindleberger is credited as the major advocate of the hegemonic stability theory. His analysis, that is resonated and modified by Keohane, mainly focuses on global economy. Their arguments are always considered together as their common statement is that the hegemon within the international system is considered as a benevolent and altruistic leader. The hegemonic state that enjoys its overwhelming power due to its technological

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<sup>75</sup> Graham Evans and Jeffrey Newnham, *Dictionary of International Relations*, (London : Penguin Books, 1998), 220.

<sup>76</sup> Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1986); Stephen Krasner, “State Power and the Structure of International Trade,” *World Politics*, Vol.28, No.3 (April 1976), 317-343; see also Stephen Krasner, *International Regimes* (New York: Cornell University Press, Ithaca, 1983); Robert Keohane, *After Hegemony* (Princeton: Princeton University Press, 1984); Robert Gilpin, *UNITED STATES Power and Multinational Corporation* (New York: Basic Books, 1975).



and industrial advantages may reshape the international order. However, the hegemon will not focus exclusively on its own national interests. Instead, it should create and provide public goods to every member state. In order to guarantee the promotion of international trade and economic cooperation, the preponderant state will support the creation of a liberal regime.<sup>77</sup> Organizations can work as a useful instrument for a potential hegemon to institutionalize its vision of the system order and legitimize its status as the system leader.

Gilpin, on the other hand, provided us with another explanation of the theory, arguing that the hegemon is malevolent and self-seeking. His analysis has been expanded to security concerns. What the state really cares are relative gains rather than absolute gains. The creation of the international order obviously reflects the distribution of power and the interests of the hegemon. The hegemon establishes the international regime as an instrument to pursue its own interests and increase power vis-à-vis the other subordinate states.<sup>78</sup>

Regardless of this difference, both benign and coercive hegemons are supposed to provide public goods to the members of the system and take the major burden of regime maintenance. The decline of the hegemon's power would destabilize the system. As the dominant power is losing its ability to enforce compliance, the secondary power would

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<sup>77</sup> Charles P. Kindleberger, *The World in Depression, 1929-1939*, 289.

<sup>78</sup> Robert Gilpin, "The Rise of American Hegemony," in *Two Hegemonies: Britain 1846-1914 and the United States 1941-2001*, eds. Patrick Karl O'Brien and Armand Clesse (Aldershot: Ashgate Publishing, Ltd., 2002), 165-182, [cited December 6, 2005], available from: <http://www.mtholyoke.edu/acad/intrel/ipe/gilpin.htm>

ask for more policy autonomy. It will challenge the status of the dominant country and reshape the order in its favor.

Good examples of hegemonic stability theory are nineteenth-century Britain, the United States during 1945-1970s, and again in the post-1990s. The Roman Empire and ancient China could also be quasi-examples. They just ruled a corner of the world during their respective periods.

Having carefully examined the contending arguments of hegemonic stability theory, this author mostly agrees with Gilpin's opinion and believes in the coercive character of hegemon. Meanwhile, the theoretical framework of this study also borrows from the multiple hierarchy model as the prerequisite assumption<sup>79</sup>.

The multiple hierarchy model originates from the theory of power transition. According to this model, there exists a global hierarchy that includes some regional subsystems, namely regional hierarchies.<sup>80</sup> Regional power pursues the dominant status within its regional hierarchy. It can establish and maintain the regional order. However, the regional dominant state is subject to the global power's intervention although the global power seldom interferes in regional affairs.<sup>81</sup>

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<sup>79</sup> The multiple hierarchy model was introduced by Lemke, see Douglas Lemke, "Multiple Hierarchies in World Politics" (Ph.D. diss., Vanderbilt University, 1993)

<sup>80</sup> Ronald L. Tammen, ed. *Power Transitions: Strategies for the 21<sup>st</sup> Century* (New York, N.Y.: Chatham House Publishers, 2000), 64.

<sup>81</sup> For an overview of great powers' involvements in regional hierarchy, see Douglas Lemke, "Toward a General Understanding of Parity and War," *Conflict Management and Peace Science*, No.14 (1995), 143-162.

As a consequence, the theory of hegemonic stability will be discussed within the regional hierarchy. The superpower can impose regimes in the international politics for its own benefits. The presence of its norms and rules leads to greater stability in the international system. Although the public goods provided by the regime benefits all the members within the system, it benefits the leader relatively more. The coercive hegemon would use force to ensure that the procedures would be accepted and prevent any subordinate state from seeking to take a “free ride” on it.

If the secondary state within the regional hierarchy is dissatisfied with the regional status quo, it may challenge the regional hegemon or ask the global hegemon for intervention. A positive response would depend on the global leader’s perception that the regional status quo is grabbing benefit at the expense of global leader’s interests. Then the global hegemon would coerce the regional leader to reshape the order. Or else, a negative response will take place. The global hegemon will try to avoid being involved in the specific issue directly and appease the regional secondary state to abide by the system rules.

The coercive hegemon always pursues its dominant status by unilateral and bilateral means. In addition, multilateralism can also be used as an instrument to institutionalize its preferred order within the system. However, it is not effective all the time. In order to make sure that the multilateral mechanism can work for the regional order formation, the hegemon has to use force as the deterrence and also take real action if the hegemon believes it is necessary. As establishing the norms and rules by force or the threat of force

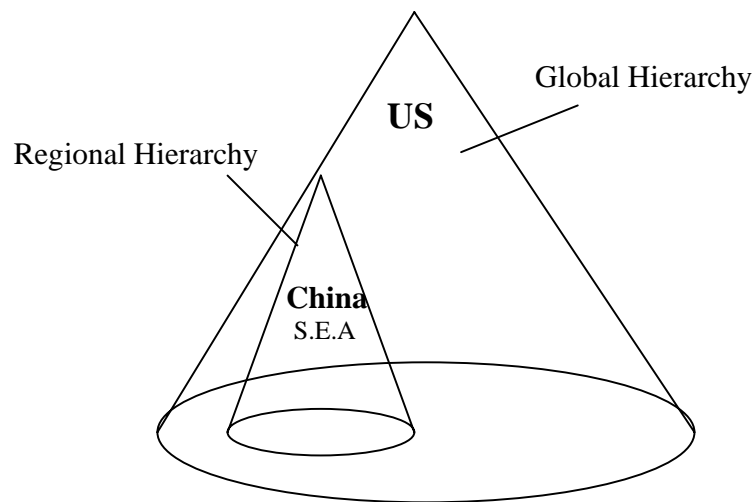
would be very costly, a rational hegemon would take institutional effort as the primary means. This paper plans to explore how a coercive power builds up the hegemonic order with the help of multilateral means.

The above explanations of the theory can also be applied to interpret the South China Sea realities. Based on the multiple hierarchy model, my assumption is that the United States has been the superpower governing the global hierarchy since the end of the Cold War.<sup>82</sup> In this study, the countries surrounding the South China Sea area make up a regional subsystem.<sup>83</sup> China is considered as regional power and is going to institutionalize its order within the regional hierarchy. Traditionally, China emphasized unilateral and bilateral means in its foreign policy. Since 1990, China has gradually realized the importance of multilateralism in publicizing its preferred norms. However, as China's military and economic capabilities remain inferior to American capabilities, China cannot threaten the U.S.-sponsored regional order. (See Figure 2.1) From this point of view, the United States, as the global power, is a major factor that cannot be overlooked. The U.S. concern will be discussed in the later part of this chapter.

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<sup>82</sup> Bob Catley, "Hegemonic America: The Benign Superpower?" *Contemporary Southeast Asia*, Vol.18, No.4 (March 1997), 394.

<sup>83</sup> This paper defines the South China Sea as a region. For a discussion about definition of this region, see Stein Tønnesson, "Vietnam's Objective in the South China Sea: National or Regional Security?" *Contemporary Southeast Asia*, Vol.22, No.1 (April 2000), 212-213.



**Figure 2.1 Regional Hierarchy in the International System**

Source: author

In order to be a hegemon, a country should possess three qualities. They are the capability to enforce the rules of the system, the will to do so, and a commitment to a system that is considered as mutually beneficial to the member states in the group. The following sections will examine whether China has such intentions and capabilities to pursue regional hegemonic status and also whether the regional order initiated by China could be perceived reciprocal to both China and the other South China Sea disputants.

### **2.2.1 CHINA'S GRAND STRATEGY**

In face of the shifting international situation since the end of the Cold War, China believed that hegemonism and power politics are on the rise all the times.<sup>84</sup> China's main goal is to strive for a more influential international position. Its strategy is to create a positive environment for domestic modernization.<sup>85</sup>

The collapse of the Soviet Union represented the end of the bipolar system. The United States emerged as the only superpower in the world. In Chinese leaders' worldview, the United States is at the top of the global system, together with some regional powers that have a lesser degree of influence.<sup>86</sup> However, this is just the intermediate period of the system transition. The unipolar system is being deconcentrated. American super power has been declining and the rise of one or more alternative power poles is expected. The unipolar system will be replaced by a multipolar system in the future.<sup>87</sup> In order to avoid being disadvantaged by the unchecked American power, China should support the formation of a multipolar system. Meanwhile, as a regional power, China has to find its place as one of the poles in such a system.<sup>88</sup> The other poles include the European Union, Russia, and Japan. Acting as a pole, China can be involved in the establishment of new international rules. Only then can China shape the international order to serve its national interests.

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<sup>84</sup> Tang Jiaxuan, "China's Foreign Affairs in the New Century," in *China's Century: the Awakening of the Next Economic Powerhouse* ed. Laurence J. Brahm (Singapore ; New York : Wiley, 2001), 69.

<sup>85</sup> Ibid.

<sup>86</sup> Liu Dexi, *Diplomacy Strategy* (Nanchang: Jiangxi Renmin Press, 2001), 94.

<sup>87</sup> For example, Premier Li Peng stated at a tea party of the eve of the Chinese New Year that the multipolar global power transfiguration has become increasingly obvious. See *Renmin Ribao* (Beijing), 28 January 1998.

<sup>88</sup> *Selected Works of Deng Xiaoping*, Vol.3 (Renmin Press, Beijing, 1993), 353.

The end of the Cold War, however, saw a change in China's strategic environment. With the collapse of the Soviet Union, China is considered as the next prominent adversary of the United States.<sup>89</sup> Since the late 1970s, China has been more open and more willing to act on the international stage. However, the more China engages globally, the more it finds itself challenging American interests. From China's point of view, the United States always stands at the forefront of the "containing China" coalition.<sup>90</sup> China also realizes its relative weakness in comparison to the United States. As a result, China has been cautious, avoiding competition with the United States on global affairs and concentrating instead on national development.<sup>91</sup> Economic modernization is widely agreed among Chinese decision makers as the primary and unavoidable step for achieving world-class power status. In order to create a peaceful environment for economic growth, China withdrew its attention from a global view to a regional view. China's leaders realized that maintaining stable relations with its neighboring states was vital for China's development.<sup>92</sup> Achieving a regional power status is seen as the prerequisite for China's global ambitions. China should be patient and postpone its plans of pursuing superpower status. In Chinese leader's word, it is to "conceal our abilities and bide our time".<sup>93</sup>

While aiming at economic development, China is seeking for possible outlet for its power projection. Since the end of the Cold War, China's security concern has been reoriented to peripheral territorial disputes from its early confrontation with the Soviet Union.

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<sup>89</sup> Richard Bernstein and Ross H. Munro, "The Coming Conflict with America," *Foreign Affairs*, Vol.76, No.2 (Mar/Apr 1997), 18-32.

<sup>90</sup> "China and the World in the 1990s," *Journal of the PLA University of National Defense*, No.3-4 (1993), 45.

<sup>91</sup> *Selected Works of Deng Xiaoping*, Vol.3, 354.

<sup>92</sup> Prime Minister Li Peng stated in 1992 that to improve the relationship with the neighborhood is the priority of China's foreign policy. See *Renmin Ribao*, August 19, 1992.

<sup>93</sup> Liu Dexi, *Diplomacy Strategy*, 83-85.

Currently, China's regional security concerns are largely derived from formal American security alliances with several states on the maritime periphery of East Asia, which would create a "crescent" around China.<sup>94</sup> China feels insecure about the American-Japanese alliance to its North, American arms sales to Taiwan to its East, and American bilateral military agreements with specific Southeast Asian nations to its South.<sup>95</sup> Among these several concerns, Southeast Asia is considered as the weak point of the American alliance system. Thus, the South China Sea area emerges as a good platform for China's power maneuvers.

### **2.2.2 CHINA'S INTENTIONS IN THE REGION**

China's intention in the South China Sea area is to achieve hegemonic status to serve its long-term global strategy.<sup>96</sup> In order to build up hegemonic stability in the region, China is trying to make its practices accepted as the regional rules or norms by the others disputants. Multilateralism has emerged as a good opportunity for China to fulfill its intentions.

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<sup>94</sup> Pan Min, "ARF and China," in *Great-nation Relation and Future China*, ed. Li Wuyi (Beijing: China Social Science Press, 2002, 6), 321; Zhang Wenmu, *China's Security Strategy in the New Century* (Jinan: Shandong Renmin Press, 2000.9), 35.

<sup>95</sup> China also feels potential threat in the West. By enforcing an anti-terrorist policy in Central Asia, the UNITED STATES would spread its influence in the region and help to found pro-US government that might be adverse to China's interests in the West.

<sup>96</sup> Steven W. Mosher has classified China's quest for hegemony into three phases, that is basic hegemony, regional hegemony, and global hegemony. The territorial expansion in the South China Sea region is regarded as the basic hegemony that is the prerequisite step for China's global ambitions. See Steven W. Mosher, *China's Plan to Dominate Asia and the World Hegemon* (San Francisco: Encounter Books, 2000), 99.



Chinese leaders have been quite cautious when they talk about hegemonism. China persists in its anti-hegemonism foreign policy while reassuring its neighbors that a rising China will never seek hegemonic status. The hegemon was always considered by China as the imposition of the will of the domineering state upon others.

However, according to The-Yi Huang, hegemon or hegemony (the term *ba* in Chinese) does not necessarily carry a derogatory connotation.<sup>97</sup> In ancient China, the hegemons, to a large extent, were backed by their moral superiority. The “Middle Kingdom” (the term *Zhong Guo* in Chinese) was a powerful country and respected by its smaller neighbors. It enjoyed its dominant status and tributary system in East Asia. Nevertheless, during the 18<sup>th</sup> and 19<sup>th</sup> centuries, China lost its regional superiority. It experienced a terrible humiliation by the Western invaders. After the founding of the People’s Republic of China, it remained a weak country and feared the intervention by outsiders. “Anti-hegemonism” was released as a foreign policy to protect China’s national interest.<sup>98</sup> Having experienced rapid economic growth since the late 1970s, China began to reassure its neighbors that it would never seek hegemony even if it became a great power.<sup>99</sup> However, Denny Roy cannot be convinced by China’s statements. He reexamined China’s unique characteristics that are supposed to support China’s anti-hegemonism

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<sup>97</sup> The-Yi Huang, “State Preferences and International Institutions: A Bollean Analysis of China’s use of force and South China Sea Territorial Disputes.” Paper prepared for the 90<sup>th</sup> Annual Meeting of the American Political Science Association, Philadelphia, PA, August 28<sup>th</sup> to August 31<sup>st</sup>, 2003.

<sup>98</sup> *Selected Works of Deng Xiaoping*, Vol.2 (Renmin Press, Beijing, 1993), 417.

<sup>99</sup> Wang Zhongchun, “The Changes and Development of China’s Periphery Security Environment and its Defense Policy” in *China’s Transition into the 21<sup>st</sup> century*, ed. David Shambaugh and Wang Zhongchun (Carlisle Barracks, PA: UNITED STATES Army War college, 1996), 37.

logic. He argued that there was no sufficient reason to prove that China would be “less inclined towards hegemony than any of the other great powers”.<sup>100</sup>

Meanwhile, a large number of China’s experts agree that there is a growing popularity of *realpolitik* thinking among Chinese leaders. As such, the term “hegemon” was always used by China to label other powers whose intent on grabbing dominant status would be at the expense of China. That was the reason why China protested against Soviet expansionism, aggressive Vietnamese actions in Indo-China and U.S. global encroachment. As a consequence, China’s vocal pledge of “anti-hegemonism” cannot deny its hegemony pursuance strategy in the region.

Logically, the reason for China to join the regional multilateral mechanisms is to publicize its proposal and solve the South China Sea territorial disputes in its favor. In the face of the emerging multilateralism in the region, China is an increasingly active player. China’s New Security Concept has given great emphasis on a cooperative security approach within a multilateral setting.<sup>101</sup> However, China is still afraid of being taken advantage of by the partners in the multilateral frameworks. As a result, China only joins the multilateral cooperative mechanism when China believes that it is largely favorable to its interests.<sup>102</sup> Thus, the ARF and the MPCSCS provide good platforms for China to deal with the South China Sea disputes in a multilateral game. Being the master of the game, China can practice *realpolitik* against its regional participants. Having experienced

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<sup>100</sup> Denny Roy, “The Foreign Policy of Great-Power China,” 122.

<sup>101</sup> Rosemary Foot, “The Present and Future of the ARF: China’s Role and Attitude,” in *The Future of the ARF*, ed. Khoo How San (Singapore: Institute of Defense and Strategic Studies, 1999), 123-126.

<sup>102</sup> Institute of Asia Pacific Studies, “An Analysis on the Asia Pacific in 1994,” *Contemporary Asia Pacific (Dangdai Yatai)*, No.1 (1995), 16.

dramatic economic and military growth, China feels more confident in coping with Southeast Asian nations multilaterally. China is skilled in dividing and then silencing ASEAN's united protest against China's unilateral moves. The possibility of discussing the South China Sea disputes during the meeting largely depends on China's agenda. China's joint exploration proposal seems to be the only possible way for the disputants to choose.

In addition, when China's preferred order was challenged by the other claimants in this region, it had not hesitated to punish them. A good example is China's occupation of Mischief Reef. In May 1993, Philippine President Fidel Ramos ordered the expansion of military facilities in the "Kalayaan Island" for civilian and military use. Subsequently in May 1994, the Philippine Department of Energy granted an oil exploration permit in waters west of the Palawan Island. The contract was signed between Vaalco Energy of the United States and its Philippine subsidiary, Alcorn Petroleum and Minerals.<sup>103</sup> Feeling betrayed by Philippine actions, China decided to punish its little neighbor in order to ensure its proposal of "joint exploration". As a result, China carried out its physical occupation on the Mischief Reef in 1995 for better surveillance coverage of any Philippine-sponsored oil exploration. The same case took place when Vietnam decided to explore the oil unilaterally. China sent two warships to block the re-supply of a Vietnamese oil-drilling rig to prevent it from working in the Wananbei-21 area.<sup>104</sup>

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<sup>103</sup> In fact, the contract just included reviewing data produced by the other petroleum companies and the government rather than real action in the disputed area. See Rigoberto Tiglao, "Troubled Waters," *Far Eastern Economic Review*, June 30, 1994, 20-21.

<sup>104</sup> Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection," 52.

### 2.2.3 CHINA'S CAPABILITIES

In the 1990s, China emerged as a great power in East Asia.<sup>105</sup> China has the world's largest population and possesses sheer geographical size. Besides its impressive demographic and geographic advantage vis-à-vis Southeast Asian nations, China has also witnessed massive growth in its economic and military capabilities. These formidable capabilities could aid China's pursuance of a hegemonic position in the South China Sea area.

#### *Economic Strength*

China has realized the importance of economic development and believes that gaining status as a great economic power is inevitable for future resolution of the South China Sea conflicts to its advantage.<sup>106</sup> Thanks to Deng Xiaoping's open-door reforms in the 1980s, China grabbed the ticket for the "global economy train". China has been experienced lasting high rate of economic growth. China's economic success is unexpected, given the daunting task of simultaneously converting from a state-planned economy to a market-oriented economy. Its economy has grown faster than any other economy in history. As a result, China has been widely praised as a "global engine".<sup>107</sup>

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<sup>105</sup> S. Harris and G. Klintworth, eds. *China as a Great Power* (Melbourne: Longman, 1995).

<sup>106</sup> Pan Min, "ARF and China", 327.

<sup>107</sup> Carolyn W. Pumphrey, ed., *The Rise of China in Asia: Security Implications* (Carlisle, Pa.: US Army War College, Strategic Studies Institute, 2002), 1.

As the Chinese economy rapidly develops and integrates into the world economy, it has averaged a miraculous 9.8 percent GDP growth annually.<sup>108</sup> According to the statistics in 1989 and 1990, China's GDP was even larger than the total GDP of the Southeast Asian countries (See table 2.1). As a consequence, Southeast Asian countries cannot ignore China's explosive economy. China's rising economy is considered as both "challenge and opportunity".<sup>109</sup> China is very competitive in grabbing overseas markets and swallowing Foreign Direct Investment (FDI) from the region. On the other hand, China's economic boom in the last two decades has benefited both Chinese interests and also the world economy as a whole. It provides a huge market for the Southeast Asian economies. Since 1990, China's trade with Southeast Asian countries has been expanding steadily (See table 2.2).<sup>110</sup> In the wake of the Asian financial crisis in 1997, China's stable currency policy and financial support for ASEAN helped prevent the situation from worsening. As a result, China is widely respected as a responsible power by its Southeast Asian neighbors.<sup>111</sup>

**Table 2.1 GDP Comparisons between China and Southeast Asian Nations, 1989 and 1990\***

| Country | 1989 | 1990 |
|---------|------|------|
|---------|------|------|

<sup>108</sup> Fei-Ling Wang, "China's Self Image and Strategic Intentions: National Confidence and Political Insecurity," paper presented to the conference "War and Peace in the Taiwan Strait," sponsored by the Program in Asian Studies, Duke University, and Triangle Institute in Security Studies, February 26-27, 1999.

<sup>109</sup> For example, Rodolfo Severino, former Secretary General of ASEAN, describes China as a competitor, see Rodolfo C. Severino, *ASEAN and China-Partners in Competition*, presented at the ASEAN Forum Sponsored by the Asean Consulates Guangzhou, June 9, 2001, [cited September 6, 2005], available from: <http://www.aseansec.org/3162.htm>. ; for a contrary view, see Derek da Cunha, "Southeast Asian Perception of China's Future Security Role in its Backyard," in *In China's Shadow: Regional Perspectives on Chinese Foreign Policy and Military Development*, ed. Jonathan D. Pollack and Richard H. Yang (Santa Monica, Calif.: RAND, 1998), 115.

<sup>110</sup> According to the figure, China's trade with Brunei, Laos, and Myanmar decreased. The reason is that China's trades with the above countries were badly influenced by the East Asian Financial Crisis in 1997.

<sup>111</sup> *Ming Pao*, April 18, 1998.

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Brunei                | 3494971807.306   | 3590892288.679   |
| Cambodia              | 1414703191.157   | 1431116423.619   |
| Indonesia             | 104976652875.467 | 114426338038.105 |
| Laos                  | 811262451.431    | 865674320.028    |
| Malaysia              | 38983336986.610  | 42775068672.432  |
| Myanmar               | 8009419310.773   | 8235039063.876   |
| Philippines           | 43005530296.377  | 44311593755.785  |
| Singapore             | 34365665671.741  | 37449807727.320  |
| Thailand              | 76770630725.224  | 85343732533.916  |
| Vietnam               | 6158030277.225   | 6471740605.911   |
| Southeast Asian Total | 317990203593.311 | 344901003429.671 |
| China                 | 373575900365.473 | 387771784579.361 |

\* Gross domestic product at market prices, US\$, constant 1990 prices

Source: UN Statistics Division Estimates<sup>112</sup>, [cited June 24, 2005], available from:  
[http://unstats.un.org/unsd/cdbdemo/cdb\\_series\\_xrxx.asp?series\\_code=19470](http://unstats.un.org/unsd/cdbdemo/cdb_series_xrxx.asp?series_code=19470)

**Table 2.2 China's Trade with the Southeast Asian Countries  
(In US\$, million)**

| Country     | 1990     | 1995     | 1999     |
|-------------|----------|----------|----------|
| Brunei      | 11.83    | 34.51    | 8.1      |
| Cambodia    | 3.24     | 57.34    | 160.12   |
| Indonesia   | 1,182.26 | 3,490.32 | 4,829.98 |
| Laos        | 16.19    | 54.22    | 31.72    |
| Malaysia    | 1,183.07 | 3,351.59 | 5,279.34 |
| Myanmar     | 327.62   | 767.35   | 508.21   |
| Philippines | 295.13   | 1,305.91 | 2,286.81 |
| Singapore   | 2,825.24 | 6,898.47 | 8,563.33 |
| Thailand    | 1,194.46 | 3,362.52 | 4,215.61 |
| Vietnam     | 7.23     | 1,052.35 | 1,218.15 |

Source: National Bureau of Statistics, People's Republic of China, compiler, *China Statistical Yearbook* (Beijing: China Statistical Press), various issues.

From China's perspective, the establishment of long-standing and stable relations with Southeast Asian nations is an important factor in sustaining economic development.

However, as a consequence of rapid economic growth, China faces an increasingly

<sup>112</sup> The reason for not using the source of China's National Bureau of Statistics is that China's GDP report may cause either underreporting or overreporting problems.

serious problem in the form of resource scarcity. China's high-consumption growth mode has made it eager for foreign resources. China's increasing dependence on imported oil has caused a growing significance of sea lanes in China's strategic thinking. Meanwhile, the potential oil deposits and fishery resources in the South China Sea region are also attractive. Having control over the region would help to sustain China's future economic development. As a rational actor, China's hidden concern for seeking the involvement of regional interdependence is to make the Southeast Asian nations more dependent on China. Such a relationship would contribute to the establishment of regional hegemony. In the long term, sustaining economic growth will provide the best vehicle for resolving political issues in China's advantage.

### *Military Capability*

In terms of military power, China is a giant compared with its Southeast Asian neighbors. China is the only country in the vicinity of the South China Sea to deploy nuclear weapons. China's military expenditure was several times that of the overall expenditures of the other South China Sea disputants in 1985 and 2001. China's soldiers outnumber all in the region (See table 2.3). China's relative military strength gives it the ability to win a regional war against the others.

**Table 2.3 International Comparisons of Defense Expenditure and Military Manpower, 1985 and 2001 (Constant 2000 US\$)**

| Country | Defense Expenditure (US\$m) |        | Numbers in Armed Forces (000) |         |
|---------|-----------------------------|--------|-------------------------------|---------|
|         | 1985                        | 2001   | 1985                          | 2001    |
| China   | 30,009                      | 46,049 | 3,900.0                       | 2,310.0 |

|             |        |       |         |       |
|-------------|--------|-------|---------|-------|
| Brunei      | 310    | 279   | 4.1     | 5.9   |
| Cambodia    | n.a.   | 188   | 35.0    | 140.0 |
| Indonesia   | 3,539  | 860   | 278.1   | 297.0 |
| Laos        | 83     | 19    | 53.7    | 29.1  |
| Malaysia    | 2,667  | 3,249 | 110.0   | 100.5 |
| Myanmar     | 1,328  | 1,088 | 186.0   | 344.0 |
| Philippines | 717    | 1,065 | 114.8   | 107.0 |
| Singapore   | 1,796  | 4,280 | 55.0    | 60.5  |
| Thailand    | 2,833  | 1,831 | 235.3   | 306.0 |
| Vietnam     | 3,628  | 2,351 | 1,027.0 | 484.0 |
| Total*      | 10,861 | 7,804 | 1,534.0 | 994.4 |

\*It includes Brunei, Indonesia, Malaysia, Philippines, and Vietnam, which are the South China Sea disputants against China.

Source: *The Military Balance*, Vol.102, No.1 (October 1, 2002), 334.

Since the end of the Cold War, China has experienced a dramatic shift in its military strategy. Mao Zedong's principles of people's war became outdated for guiding military development in modern China and was replaced by the high-tech oriented strategy. Shocked by U.S. military strength in the Gulf War, China's decision makers realized the importance of high technology in contemporary warfare. In addition, growing economic strength also led to a buildup of China's high-tech military capability.

The navy occupies a key position in military modernization.<sup>113</sup> In order to serve China's long-term global ambitions, the PLA Navy (PLAN) leaders called for an evolution of strategy from coastal defense to offshore defense, and finally built up its blue-water navy. In the short term, the preparations for safeguarding the South China Sea territories, especially the Spratlys, are perceived as the main impetus for the PLAN's

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<sup>113</sup> You Ji, "A Test Case for China's defense and Foreign Policies," *Contemporary Southeast Asia*, Vol.16, No.4 (March 1995), 378.



modernization.<sup>114</sup> In China's views, a fully updated PLAN, especially the South Sea Fleet that has direct access to the South China Sea, is expected to support strategic deterrence and can be used as a tactical force if it is necessary. The South Sea Fleet's defense perimeter can be extended from coastal defense to between 200 and 400 nautical miles,<sup>115</sup> and even further in defense of the strategic sea-lanes in the Straits of Malacca. According to China's official publications, to establish the regional order of shelving the territorial disputes and exploiting the resources jointly "would be cosmetic without a stronger navy".<sup>116</sup>

Since the late 1980s, China has been active in establishing a permanent military presence in the South China Sea.<sup>117</sup> It is pursuing a new generation of major surface combatants, larger submarines and long-range aircraft that could extend its military reach and enhance its capability to inflict combat damage.<sup>118</sup> The surface combatants include a single 6,000-ton *Luhai* Class missile destroyer, two 4,200-ton *Luhu* Class missile destroyers, and ten 2,250-ton *Jiangwei* Class frigates.<sup>119</sup> The *Song* Class submarine that is fitted with the C-801 and C-802 anti-ship cruise missiles began to serve the navy in the late 1990s.<sup>120</sup> In addition, the PLA Air Force has been equipped with over 120 Russian-made Su-27 and Su-30 fighter aircraft, as well as indigenously produced third-generation aircraft such as

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<sup>114</sup> You Ji and You Xu, "In Search of Blue Water Power: The PLA Navy's Maritime Survey in the 1990s," *Pacific Review*, No.2 (1991), 137-149.

<sup>115</sup> Paul H. B. Godwin, "From Continent to Periphery: PLA Doctrine, Strategy and Capabilities Towards 2000," in *China's Military in Transition*, eds., David Shambaugh and Richard H. Yang (Oxford : Clarendon Press in association with the Council on Advanced Policy Studies (CAPS), Taipei, 1997), 205.

<sup>116</sup> *Japan Economic Newswire*, 19 May 1993.

<sup>117</sup> Esmond D. Smith, Jr. "China's Aspirations in the Spratly Islands," *Contemporary Southeast Asia*, Vol.16, No.3 (Dec 1994), 280

<sup>118</sup> You Ji, "A Test Case for China's defense and Foreign Policies", 381.

<sup>119</sup> "Surface Combatants", *Chinese Defence Today* [cited September 4, 2005], available from: <http://www.sinodefence.com/navy/surface/default.asp>.

<sup>120</sup> Lee Jae-Hyung, "China's Expanding Maritime Ambitions in the Western Pacific and the Indian Ocean," Vol. 24, No.3 (December 2002), 551.

the J-10, J-11 and JH-7.<sup>121</sup> China's modernization of its naval and air forces largely depends on acquisitions from the existing Soviet arsenal. Although the Soviet product is quite obsolete when compared to modern Western technology, it still serves as an effective form of deterrence in the region. According to a comparison of the main actors' military strength, the figures favor China. (See table 2.4) Neither Vietnam nor the Philippines have the capability to check China's military actions in the region.

**Table 2.4 Main Actors' Military Strength**

| Main Actors' Military Strength |           |         |                 |
|--------------------------------|-----------|---------|-----------------|
|                                | China     | Vietnam | The Philippines |
| Tanks                          | 9,200     | 2,000   | 126             |
| Submarines                     | 51        | 0       | 0               |
| Destroyers and Frigates        | 55        | 7       | 1               |
| Patrol and Coastal Aircraft    | 870       | 55      | 44              |
| Combat Aircraft                | 5,845     | 190     | 43              |
| Armed Forces                   | 2,930,000 | 572,000 | 106,500         |

Source: available from: <http://www.american.edu/projects/mandala/TED/ice/spratly.htm>

Meanwhile, the PLAN is considering the addition of an aircraft carrier to its fleet. In 1993, Vice-Admiral Zhang Yuanhai who is the commissar of the East Sea Fleet stated that they were preparing for the construction of an aircraft carrier.<sup>122</sup> The aircraft carrier would increase China's power projection capability dramatically and would be the key step for China in becoming a maritime power.

<sup>121</sup> "Air Power", *Chinese Defence Today*, [cited 4 September 2005], available from: <http://www.sinodefence.com/airforce/default.asp>.

<sup>122</sup> *United Daily News*, March 15, 1993.

Although China is increasingly eager to be a maritime power, it will not regard military means as priority for solving territorial disputes. It is still costly for China to establish the regional order by force. China openly stated that it would not launch a nuclear attack against non-nuclear-weapon states and states in nuclear-weapon-free zones. China also pledged that it would not initiate a nuclear war. That is “no first use” (NFU).<sup>123</sup> As a consequence, the nuclear weapons function as deterrence, and will unlikely be used in the regional warfare.<sup>124</sup> Meanwhile, the Southeast Asian nations, especially Singapore, Malaysia, and Indonesia, have equipped themselves with highly advanced American and British armaments. Without the deployment of well-operated aircraft carriers, it is possible for China to lose a battle in this “American Lake”.<sup>125</sup> As military clashes are risky and unpredictable, China’s military presence in the South China Sea does not necessarily ensure that it will help claim more territory. Therefore, the pursuit of strong military capabilities is just to help Beijing augment its bargaining leverage in future negotiations.<sup>126</sup>

Taking into account all the factors mentioned above, we can conclude that China is a great power in the South China Sea area. Its growing economic and military strength will aid China in practicing its hegemonic intentions in the region.

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<sup>123</sup> Ministry of Foreign Affairs, the People’s Republic of China, *Fact sheet: China: Nuclear Disarmament and Reduction*, April 27, 2004 [cited April 27, 2004], available from: <http://www.fmprc.gov.cn/eng/wjb/zzjg/jks/cjkk/2622/t93539.htm>.

<sup>124</sup> Another view is that if the country has nuclear weapons but does not use it in actual wars, it cannot constitute real war deterrence. See Hu Wenlong and Cha Jinlu, eds., *Xiandai jundui bingzhong zhanshu* (Beijing: Military Science Press, 1991), 245; for an overview of China’s nuclear deterrence, see Alastair Iain Johnston, “Prospects for Chinese Nuclear Force Modernization: Limited Deterrence versus Multilateral Arms Control,” in *China’s Military in Transition*, eds., David Shambaugh and Richard H. Yang, 288-300.

<sup>125</sup> Robert S. Ross, “Beijing as a Conservative Power,” *Foreign Affairs*, Vol.76, No.2 (Mar/Apr 1997), 37-38.

<sup>126</sup> Eric Hyer, “The South China Sea Disputes: Implications of China’s Earlier Territorial Settlements,” *Pacific Affairs*, Vol.68, No.1 (Spring 1995), 34.

## 2.2.4 CHINA'S PROPOSED REGIONAL ORDER

In order to build up hegemonic stability in the region, China has to initiate a regional order and provide public goods for the subordinate states. This author agrees that the regional order could be beneficial for both China and the other South China Sea disputants and China, as the regional leader, would gain relatively more.

Being afraid of the American global power, China cannot challenge its regional interests. As a result, China has reassured the United States that it would not forcefully grab control of the whole region, especially the sea-lanes for oil transportation. China's promise also caters to other claimants' interests. Meanwhile, China has to maintain a stable peripheral environment so as to safeguard its economic development at home. Thus, the space for China's power maneuver in the region is quite limited.<sup>127</sup> The idea of "shelving the territorial disputes while developing the joint exploration", which was first initiated by Deng Xiaoping in 1984,<sup>128</sup> was considered the only possible way to solve the South China Sea territorial disputes in China's interests.

However, it does not necessarily mean that China will abnegate its claims of the territories in the region. Deng Xiaoping reportedly said, "Frankly speaking, the issue of

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<sup>127</sup> Yan Xuetong, "China's post-Cold War Security Strategy," in *China and Asia-Pacific Security*, ed. Yan Xuetong (Beijing: Shishi Press, 1999), 61.

<sup>128</sup> *Selected Works of Deng Xiaoping*, Vol.3 (Renmin Press, Beijing, 1993), 49, 87-88; the "joint development" concept was provided in the UN Convention on the Law of the Sea (UNCLOS) 1982, Article 74 and Article 83.

sovereignty is not subject to discussion.”<sup>129</sup> Although contemporary Chinese scholars are trying to contest the top priority of sovereignty recently,<sup>130</sup> no change is expected within the official arguments. From Mao Zedong to Jiang Zemin, every leader publicly announced that they did not allow the loss of territory within their respective governing period, or else they would be considered as malefactor to the country and would be notorious for thousands of years.<sup>131</sup> As a result, the China’s official line is that “Sovereignty is mine, postpone disputes, exploit the resources for mutual benefit”.<sup>132</sup>

Because of the multilateral nature of the South China Sea disputes, a multilateral solution cannot be overlooked. The multilateral mechanisms in the region provide China with an opportunity to institutionalize its regional order. If the order can be accepted by the other players, China can provide hegemonic stability in the region. As the hegemon of this subsystem, China wishes to be respected as the nominal owner of the South China Sea territories. In response, China will provide an agreement of joint exploitation of the South China Sea resources as public goods to the secondary states. China will also provide military support to keep the regional peace and prosperity. As a result, the South China

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<sup>129</sup> Jiang Changbin, “Ershiyi shiji: Zhongguo, bawuo ziji de mingyun,” (Twenty-first Century: China Masters Its Own Destiny), *Mianxiang ershiyi shiji (In Face of Twenty-first Century)*, 141; see also *Selected Works of Deng Xiaoping*, Vol.3, 12.

<sup>130</sup> Yu Zhengliang, “Fazhanzhong guojia zai zhuquan wenti shang de dangdai xuanze,” (Contemporary Choices for Developing Countries on the Issue of Sovereignty), *Mianxiang ershiyi shiji (In face of Twenty-first century)*, 333-339 and Fang Xiangqin, “Guoji guanxi zhong de guojia zhuquan ruogan wenti yixi,” (Exploring Several Issues Regarding State Sovereignty in International Relations), *Mianxiang ershiyi shiji (In face of Twenty-first century)*, 340-352. In contrast, Huang Renwei and Liu Jie provided a theoretical support for the top priority of the territorial sovereignty, see Huang Renwei and Liu Jie, *New Theories of National Sovereignty* (Beijing: Shishi Press, 2003), 311.

<sup>131</sup> Interview, July 2005.

<sup>132</sup> Udai Bhanu Singh, *ASEAN Regional Forum and Security of the Asia-Pacific* (New Delhi: Institute for Defence Studies and Analyses, 2001), 50; Pan Min, “ARF and China”, 321. Guided by this principle, a special office, called “experts meeting”, was reportedly established on 6 October 1995. The main task of the office was to seek sovereignty over the islands by peaceful means and expansion of the scale of actual control over the Spratlys. See *Lien Ho Pao*, Hong Kong, October 6, 1995 and *Summary of World Broadcast: Far East*, No. 2444.

Sea can be considered as a sea of cooperation rather than a sea of conflicts. By building regional hegemony in the future, China can ensure its favorite periphery environment for its national development and gain a stronger power projection capability that would serve its further ambitions.

### **2.3 THE UNITED STATES AS A MAJOR CONCERN**

The prerequisite of China's strategic aim to be the hegemon in the South China Sea is the power vacuum left by the United States.<sup>133</sup> Since the end of the Cold War, the United States has become the only superpower in the world. It stands at the top of the global system. In order to maintain its hegemonic status, the United States is trying to build up its desired international order to prevent any secondary power from challenging its power and role.

According to the multiple hierarchy model, "the overall dominant power is little concerned with who specifically controls these various parts of the globe, so long as the mineral riches are exported and the global status quo undisturbed".<sup>134</sup> As a result, America's objective in Asia is to prevent any single country from gaining overwhelming power in the region.<sup>135</sup> In reference to the South China Sea conflict, Liselotte Odgaard characterized the U.S. policy as one of "guarded non-involvement".<sup>136</sup>

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<sup>133</sup> Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection," 50.

<sup>134</sup> Ronald L. Tammen ed., *Power Transitions: Strategies for the 21<sup>st</sup> Century* (New York: Chatham House Publishers, 2000), 68.

<sup>135</sup> Richard Bernstein and Ross H. Munro, "The Coming Conflict with America," *Foreign Affairs*, Vol.76, No.2 (March/April 1997), 21.

<sup>136</sup> Liselotte Odgaard, "Deterrence and Co-operation in the South China Sea," *Contemporary Southeast Asia*, Vol.23, No.2 (August 2001), 296.

The South China Sea region is not considered to be as strategically important as it was during the Soviet-U.S. rivalry. As the Soviet Union withdrew its military presence from Cam Ranh Bay, the United States did not see any necessity to bear such a military burden in the region. The 1990s saw a gradual reduction of U.S. overseas military troops from Southeast Asia. Although some Southeast Asian countries insisted on retaining American presence in the region in order to balance China's potential power, the strategic importance was not as attractive to the United States as before. As a result, the United States, under both Presidents George Bush and Bill Clinton, has refused to assume this responsibility. The process of retreat was marked by the loss of the Philippine Subic Bay naval base and Clark airfield in 1992. As a consequence of U.S. withdrawal from the region, Southeast Asia has to share the military burden and, to a large extent, become dependent on its own capabilities.

Instead of political concern, America's major concern in the region nowadays is its economic interests. For example, in 1988, the annual trade turnover of the United States through the South China Sea region was about US\$300 billion. This exceeded its trans-Atlantic trade in the same year (approximately US\$186 billion).<sup>137</sup> Furthermore, the sea-lane for oil and gas transportation is also vital for the United States and its allies. In order to keep its economic growth, the United States would like to maintain peace and stability in the region. As was mentioned in the introduction of the study, the U.S.' major strategy

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<sup>137</sup> T. W. Huang and Li Z. Y., "The Changing Security Scene in East Asia—An Analysis of the US Perspective," in *ASEAN-China, Hong Kong Forum 1990*, Hong Kong: Royal Park Hotel, Shatin, August 7-8, 1990.

in the region is to make sure that the sea-lanes would not be controlled exclusively by one country.

In order not to provoke the United States, China has pledged to respect the freedom of navigation in the region.<sup>138</sup> What is more, a naval clash in the South China Sea would be over quickly, and would probably not endanger the security of adjacent sea-lanes.<sup>139</sup> As a consequence, it is possible that the United States would not play an active role in the conflict, although it understands that China may pursue its goal of regional hegemony. In the face of China's growing naval capability, Admiral Richard Macke, who is the commander of U.S. forces in the Pacific, agreed that the United States should engage China rather than directly confront it. The United States should cultivate China to support the international status quo.<sup>140</sup> Meanwhile, during a visit to Singapore, he stated, "Asia and West must accept the fact that China may well develop a modern navy, including aircraft carriers-intended to project Chinese power overseas."<sup>141</sup> In the wake of China's seizure of Mischief Reef, the then U.S. Admiral Warren Christopher publicly emphasized the importance of maintaining peace, stability, and freedom of navigation in the region. However, he continued that the United States "has been no more forthcoming on American responsibilities in the South China Sea and has refused to take sides over

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<sup>138</sup> China insists that it highly respect the freedom of navigation in the South China Sea. China's territorial claims in the region do not disrupt the freedom of navigation supported by the international law. China has never interfered the regional transportation in the past, does not at present, and also will not in the future. See "China's Stance on the South China Sea Disputes on the Website of PRC's Ministry of Foreign Affairs." [cited 6 July 2005], available from: <http://www.superarmy.com/special/cnsea/southsea/wjb.htm>

<sup>139</sup> Esmond D. Smith, "China's Aspirations in the Spratly Islands," *Contemporary Southeast Asia*, Vol.16, No.3 (Dec 1994), 287.

<sup>140</sup> Michael Richardson, "US Admiral Warns of China's Big New Navy," *International Herald Tribune*, No.8 (March 1995), 1.

<sup>141</sup> Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection," 55.



jurisdiction”.<sup>142</sup> This stance was evident even during the honeymoon period of U.S.-Philippines military cooperation, when the United States refused to accept any obligation to defend Philippine claims of disputed territories.<sup>143</sup>

Another reason for the United States distancing itself from specific issues is the joint exploratory oil operation in the region. Considering China’s contract with U.S. Crestone Energy Corporation and Vietnam’s contract with U.S. Mobil Corporation, it is difficult for the United States to take sides and risk attacking another U.S.-owned drilling rig.

However, America’s low-key presence in the South China Sea does not mean that China can do anything as it likes. In reality, China’s regional policy largely depends on U.S. response. Remaining the pacific power, the United States can send its fleet back easily in case of the escalation of regional conflicts in order to protect its interests.<sup>144</sup> Furthermore, the terrorist attack on September 11<sup>th</sup> 2001 saw a return of U.S. attention to Southeast Asia. The United States became more active in safeguarding the maritime security in the South China Sea. As a result, the conflict in this region became more complicated and unpredictable.<sup>145</sup>

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<sup>142</sup> J. N. Mak, “Trust and Confidence Needed,” *Asia-Pacific Defense Reporter* (Victoria) Vol.21, No.7 (December 1994/January 1995), 7.

<sup>143</sup> Sheldon W. Simon, “UNITED STATES Strategy and Southeast Asian Security: Issues of Compatibility,” *Contemporary Southeast Asia*, Vol.14, No.4 (March 1993), 305.

<sup>144</sup> *China Daily*, Hong Kong, July 27,1992, 8.

<sup>145</sup> Rommel C. Banlaoi, “The Role of Philippine-American Relations in the Global Campaign Against Terrorism: Implications for Regional Security,” *Contemporary Southeast Asia*, Vol.24, No.2 (August 2002), 306; Xu Ximbo, “US Security Policy in Asia: Implications for China-US Relations.” *Contemporary Southeast Asia*, Vol. 22, No.3 (December 2000), 486.

## **CHAPTER 3:**

### **CASE STUDY:**

#### **INFORMAL WORKSHOP OF “MANAGING POTENTIAL CONFLICTS IN THE SOUTH CHINA SEA”**

In this chapter, the author will apply case studies to test China’s multilateral diplomacy in the South China Sea conflicts. Since 1990, China has been showing its willingness to utilize the regional multilateral mechanism for conflict resolution. According to the hypothesis mentioned in the previous chapters, the reason for changing attitude towards multilateralism was that China had realized it allowed them the opportunity to influence the other disputants within the group and could be used to build up its hegemonic stability in the region. As a consequence, China’s officials and experts, who attended in a “private capacity”, began to talk with their Southeast Asian counterparts within multilateral conferences and workshops. The most significant informal multilateral cooperative mechanism was the workshop entitled “Managing Potential Conflicts in the South China Sea” (MPCSCS) hosted by Indonesia. This chapter will examine China’s multilateral maneuver in the MPCSCS Workshop.

The workshop was initiated in 1989 by Indonesian diplomat Hasjim Djalal and Professor Ian Townsend-Gault from Canada. Since the late 1980s, for all contents and purposes, the Cambodian question was on the right track towards settlement. The easing of the conflict shed bright light on the importance of regional peace and prosperity. Prevention of the

South China Sea disputes from escalating emerged as the next key issue on the regional security agenda.<sup>146</sup> With the financial support from the Canadian International Development Agency (CIDA), the workshop started in 1990 and met annually. The key ideas behind the workshop were (1) to seek areas of cooperation in order to prevent conflicts and (2) to create a comfortable platform for the claimants to solve the territory and sovereignty disputes through Confidence Building Measures (CBMs).<sup>147</sup> Due to the informal nature of the workshop, experts or officials from the respective countries enjoyed much greater latitude to exchange ideas and information without being bound by their public positions. The informal nature of the workshop was widely welcomed by the participants and considered as the most suitable way for solving the South China Sea conflicts at that time.<sup>148</sup>

At the very beginning, China feared the internationalization of the South China Sea disputes and demonstrated its objection to join multilateral workshops. Having recognized the informal nature of the meeting and ASEAN's leading role in the workshop, China began to change its attitude towards the multilateral mechanism and became an active participant. China's purpose for entering into the MPCSCS Workshop was to publicize its regional order for contributing to its buildup of hegemonic stability. China's preferred order in the region was for it to be respected as the nominal owner of

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<sup>146</sup> Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," in *Herding Cats: Multiparty Mediation in a Complex World*, eds. Chester A. Crocker, Fen Osler Hampson, and Pamela Aall (Washington, D.C.: United States Institute of Peace Press, 1999), 114; Yann-huei Song, *Managing potential conflicts in the South China Sea: Taiwan's perspective* (Singapore: World Scientific : Singapore University Press, 1999), 20.

<sup>147</sup> Hasjim Djalal, "South China Sea Island Disputes", *The Raffles Bulletin of Zoology*, Supplement No.8 (The Biodiversity of the South China Sea), 9-21. The National University of Singapore.

<sup>148</sup> Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," 116.

the South China Sea territories, to promote a stable and prosperous region for creating a good peripheral environment for China's national development, and to jointly explore the South China Sea resources with the other disputants for mutual economic benefits. Consequently, China's strategies in the workshop were to prevent any distant power from interfering in the South China Sea disputes, to avoid any political and security discussion about territorial and sovereignty issues if it was not to China's interests at the annual meetings, and to make its proposal of "shelving the territorial disputes while developing the joint exploration" acceptable to the other participants. Guided by the purpose and strategies mentioned above, China began its multilateral maneuvers in the MPCSCS Workshop.

The First MPCSCS Workshop was held in Bali, Indonesia (January 1990). Djalal gave opening remarks and emphasized, "the workshop is intended as a platform for policy-orientated discussions, not only for academic exchanges of views".<sup>149</sup> In order to retain a decisive role for ASEAN in the series meetings, the participants in this workshop were restrictedly six ASEAN members.<sup>150</sup> The workshop initiated six possible areas of discussion. They were:

- a). Territorial and sovereignty issues,<sup>151</sup>
- b). Political and security issues,
- c). Marine scientific research and environmental protection,

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<sup>149</sup> Opening Remarks by Dr. Hasjim Djalal on the Workshop of "Managing Potential Conflicts on the South China Sea", Bali, January 22, 1990. For the remarks, see *Report of the Workshop on Managing Potential Conflicts in the South China Sea*, Bali, Indonesia, January 22-24, 1990.

<sup>150</sup> Ian Kemish, "Managing Potential Conflict in the South China Sea," in *Building International Community : Cooperating for Peace : Case Studies*, eds. Kevin Clements and Robin Ward (Canberra, ACT: Allen & Unwin in association with the Peace Research Centre, RPSAS, ANU, 1994), 224.

<sup>151</sup> Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention", 116.

- d). Safety of navigation,
- e). Resources management,
- f). Institutional mechanism for cooperation.

In order to prevent the discussions from falling into a stalemate, the workshop provided a 5-minute stage for each South China Sea claimant to explain their respective stances without entering into any discussion. Then the workshop reached an agreement that all the South China Sea parties, especially the People's Republic of China and Vietnam, should be invited to the second meeting.<sup>152</sup>

In preparation for the inclusion of China for the Second Workshop, the ASEAN countries discussed the sincerity of China's proposal and worked out a strategy to deal with China. Deng Xiaoping in 1984 stressed that the idea of "shelving the territorial disputes while developing the joint exploration" was the only possible way to solve the South China Sea territorial disputes in China's interests.<sup>153</sup> Although some of the Southeast Asian disputants maintained that discussions on the territorial and sovereignty issue should be given priority for the workshop,<sup>154</sup> they realized it was not realistic due to China's strong objection. Considering China's proposal, the workshop agreed on the possibility of applying the joint development concept in the South China Sea. "In any discussion concerning the jurisdictional difficulties in the South China Sea, the subject of joint development arises sooner rather than later."<sup>155</sup> With the significant obstacle cleared, China accepted the invitation from the MPCSCS Workshop. Before attending the

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<sup>152</sup> *Report of the First Workshop*, Appendix 2, 22.

<sup>153</sup> *Selected Works of Deng Xiaoping*, Vol.3, 49, 87-88.

<sup>154</sup> Wang Xinheng, *Sino-Southeast Asian Regional Cooperation and Public Administration* (Beijing: China's Social Science Press, 2005), 183.

<sup>155</sup> Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," 124.

meetings, China had started influencing the workshop's agenda. During Li Peng's visit in Singapore, he announced that China was prepared to set aside the territorial disputes in the South China Sea and pursue cooperation with the other claimants to explore the region collectively.<sup>156</sup> Later, China again demonstrated that sovereignty issues should not be put on the discussion table.<sup>157</sup>

As such, we can conclude that the workshop did compromise in order to induce China's participation. China's preferred order in the region has influenced the workshop ever since its inception. Thus, a closer look at China's implementation of its strategies during the following workshops is discussed next.

### **3.1 SHELIVING THE TERRITORIAL DISPUTES WHILE UNDERTAKING JOINT EXPLORATIONS**

In accordance with China's strategy, the annual workshops can be divided into two stages. The workshops held from 1991, when China began to participate in the workshop, till 1993 was the first stage. During this stage, China focused on demonstrating its claims of the region and silencing all political and security talk on this issue.<sup>158</sup> Meanwhile, China induced the other disputants to the discussion table to focus on joint development. The second stage covered the period from 1994 to 2001. Due mainly to China's efforts, both

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<sup>156</sup> *Foreign Broadcast Information Service, Daily Report: East Asia*, August 13, 1990, 36.

<sup>157</sup> "Maritime Hegemony: Indonesia Proposes Talk on South China Sea," *Far Eastern Economic Review*, January 10, 1991.

<sup>158</sup> China later explained that the territorial disputes should be separated from political stability in the South China Sea. Although the two issues were mutually related, they were different matters. As such, in order to maintain the regional stability, the disputants should set aside the territorial issues. See *Foreign Broadcast Information Service, Daily Report: China*, December 22, 1997.

the free presentation and specific sessions on political and security issues were removed from the workshop agenda. The meetings paid most attention to technical cooperative projects for joint development.

Since the Second Workshop, which was held in Bandung (July 1991), all regional states or authorities except Cambodia have been involved in the meetings. The Chinese team, headed by Wang Yinfan who was the director of the Asia Department of the Ministry of Foreign Affairs, was sent to the Second Workshop. During the fourth session of the workshop where political and security issues were discussed, Wang reiterated China's claims of the territory. He emphasized that the whole South China Sea, including the Paracels and Spratlys, was indisputably China's territory.<sup>159</sup> Building upon this premise, the Chinese team emphasized joint development. They were very active in publicizing the proposal of "shelving the disputes and conducting joint development".<sup>160</sup> China expressed great interest in "cooperation in the protection of maritime living resources, control of maritime pollution, search and rescue operations, scientific research, anti-piracy, exchange of maritime information, studies on typhoons and changes of sea level, and safety of navigation".<sup>161</sup> Although the other participants in the meeting did not agree with China's strong stance on the territorial issue, they still appreciated China's entry into

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<sup>159</sup> Wang Yinfan, Speech on Political and Security Issue, in *Report of the Workshop on Managing Potential Conflicts in the South China Sea*, Bandung, July 15-18, 1991, Annex O, 191; China's foreign minister, Qian Qichen, at a press conference in Indonesia, also said that "on the question of the Spratly Islands in the South China Sea the government's position is crystal clear - China has sovereignty. He noted that he does not wish to see these islands become a cause of tension but instead a place of common development and common interest." *Summary of World Broadcast, Far East* (7 June 1991), No. 1094.

<sup>160</sup> Wang Yinfan, Speech on Political and Security Issue, in *Report of the Workshop on Managing Potential Conflicts in the South China Sea*, Bandung, July 15-18, 1991, Annex O, 193.

<sup>161</sup> M. Singgih Hadipranowo, et al., *The Second Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Indonesia, 1991), 127-136, 229-232, as reprinted in Lee Lai To, *China and South China Sea Dialogues*, 61-62.

the workshop. They had at least drawn China to the discussion table. All the members agreed on the principle of resolving disputes in the South China Sea through peaceful means. However, considering the difficulty in discussing the territorial issue within the group, they had to alter their plans and paid more attention to the issue of cooperative work that was less likely to pose difficulties between the countries concerned.<sup>162</sup> As a consequence, the participants reached an agreement on cooperating in three areas, namely marine scientific research, marine environmental protection, and safety of navigation.<sup>163</sup> During the Second Workshop, China had “impressed the other participants with its official stance on the various issues”<sup>164</sup> and meanwhile consoled them by stating that China would not seek hegemony in the region.<sup>165</sup> Even though the First Workshop had identified six possible areas for discussion, progress was only made with reference to cooperative work. The political and sovereignty issues were not considered or discussed by the workshop as China wished. China performed very well in its debut in the workshop, which has been proceeding towards China’s favored direction.

The Third MPCSCS Workshop was held in Yogyakarta in July 1992. The major achievement of this meeting was the agreement of establishing two Technical Working Groups (TWG). One was in the area of Marine Scientific Research (TWG-MSR) and the other was in the area of Resources Assessment (TWG-RA).

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<sup>162</sup> William G. Stormont, “Report: Managing Potential Conflicts in the South China Sea,” *Marine Policy*, Vol. 18, No.4 (1994), 354.

<sup>163</sup> M. Singgih Hadipranowo, et al., *The Second Workshop on Managing Potential Conflicts in the South China Sea*, 31

<sup>164</sup> Lee Lai To, *China and South China Sea Dialogues*, 62.

<sup>165</sup> Wang Yinfan emphasized in the meeting that “The Chinese government has solemnly declared that neither now nor in future will China seek hegemony, nor will it try to establish spheres of influence for itself at any time or in any place.” See Wang Yinfan, Speech on Political and Security Issue, 191-192. As discussed in the previous chapter, China’s vocal pledge of “anti-hegemonism” can not deny its hegemony pursuance strategy in the region. For details, see Chapter 2, 49-50.



China's unilateral move in the South China Sea raised a sensitive issue for discussion at the Third Workshop. In order to strengthen China's preferred order in the region, China passed the Law of the "Territorial Sea and Contiguous Zones" in February 1992. The law restated that both the Paracels and the Spratlys should be included in China's claims in the region. The law provided legislative backing to China's position on the South China Sea issue and authorized the use of military force to prevent other states from occupying the territories. In May 1992, China National Offshore Oil Corporation signed a joint exploration contract with a U.S. company, namely Crestone Energy Corporation, to explore the oil in disputed waters.<sup>166</sup> China was also prepared to send naval troops to safeguard the company.<sup>167</sup> China's unilateral move certainly increased tensions for the forthcoming workshop. In preparation for the meeting, China's strategy was to defend its claims of the South China Sea and draw participants' attention from territorial disputes to cooperation in joint development. As expected, China's action was challenged by participants from Malaysia, Vietnam and Indonesia. They asked Chinese delegates about the real intention of China in the South China Sea and stated that China's assertive move in the region would result in the escalation of potential conflicts.<sup>168</sup> Facing suspicion from the other group members, China, once again, demonstrated its ownership of the "undisputed sovereignty". Meanwhile, Chinese participants insisted that they had every

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<sup>166</sup> *China Daily*, May 8, 1992.

<sup>167</sup> According to Randall Thompson, the head of Crestone Oil: I was assured by top Chinese officials that they will have the full naval fleet out there backing me up, if necessary. Quoted in Derek Parker, "Why the Spratly Islands Dispute Could Trigger War," *Asian Business Review*, July 1, 1995, 85.

<sup>168</sup> *The Straits Times*, July 1, 1992; *United Daily News*, July 2, 1992, 2.

right to pass the law on territorial sea and contiguous zone and thereafter grant the oil concession to a U.S. company.<sup>169</sup>

Clarifying its stance, however, was not the only reason for China to join the multilateral talk. China also wanted to keep its periphery stable and make its “joint development” proposal acceptable to the other disputants. Therefore, China emphasized the importance of regional peace and cooperation. China tried to persuade the other disputants to set aside the temporary disputes and move on to the agenda of joint development.<sup>170</sup>

Considering China’s unilateral move earlier that year and its strong defense in the workshop, the other group members realized the intentions beneath the “joint development” proposal. That was “Sovereignty is mine, postpone disputes, and exploit the resources for mutual benefit.” It was not acceptable for them to respect China’s nominal ownership of the whole region and jointly exploit the resources on what would be Chinese territory. However, in order to avoid confrontation and keep China on the discussion table, they had to restrain their protests and place more weight on cooperative works. As a consequence, the workshop specified the possible areas of cooperation that “did not impact on or attempt to prejudice questions of territorial sovereignty”.<sup>171</sup> Two proposals brought by China were discussed during the meeting. They were “developing interregional cooperation to ensure the safety of maritime traffic” and “regional

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<sup>169</sup> Lee Lai To, *China and South China Sea Dialogues*, 65.

<sup>170</sup> *The Straits Times*, July 2, 1992.

<sup>171</sup> *The Statement of the Third Workshop on Managing Potential Conflicts in the South China Sea*, Yogyakarta, Indonesia, June 29-July 2, 1992.

cooperation in decreasing maritime disasters”.<sup>172</sup> This culminated in the joint agreement to establish two TWGs, namely TWG-MSR and TWG-RA.<sup>173</sup>

The Fourth MPCSCS Workshop was held in Surabaya in August 1993. The TWG-MSR and TWG-RA were established to deal with specific issues. The Chinese delegates paid much attention to exploring possible fields for cooperation. Through discussions, the group members strongly felt that the general political situation in the South China Sea area was much more stable and conducive for promoting cooperative efforts.<sup>174</sup> Thus, the workshop agreed to establish more Technical Working Groups. They were TWG on Marine Environmental Protection (TWG-MEP) and TWG on Legal Matters (TWG-LM). China even showed great interest in hosting the working group on environmental issues.<sup>175</sup> The issue of protecting the safety of navigation, shipping and communications were also touched during the meeting.

The Fourth Workshop, however, saw the last of political and security talks on territorial and sovereignty issues. China demanded for several times the exclusion of political and territorial issues from the workshop. From China’s position, the South China Sea indisputably belonged to China. Accordingly, any discussion of territorial disputes was meaningless. On the other hand, the participants, since the beginning of the workshop,

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<sup>172</sup> M. Singgih Hadipranowo, et al., *The Third Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Department Of Foreign Affairs, Indonesia, 1992), 131-150, as reprinted in Lee Lai To, *China and South China Sea Dialogues*, 65.

<sup>173</sup> *Report of The Third Workshop on Managing Potential Conflicts in the South China Sea*, Yogyakarta, Indonesia, June 29–July 2, 1992, Annex F: Workshop Statement, 72.

<sup>174</sup> *The Statement of the Fourth Workshop on Managing Potential Conflicts in the South China Sea*, Surabaya, Indonesia on August 23-25, 1993.

<sup>175</sup> M. Singgih Hadipranowo, et al., *The Fourth Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Department Of Foreign Affairs, Indonesia, 1993), 76.

had been given the equal rights for expressing their claims of the territory in the region without entering into a discussion. However, little progress had been made. As a consequence, the agenda of political and security talk seemed to come to the end.

Since the Fifth Workshop, which was held in Bukittinggi in October 1994, the discussions of political and security issues have been excluded from the agenda. During the meeting, the participants expressed that they felt discussions on these issues were sterile. No disputant showed its willingness to compromise with the others on territorial disputes. Any discussion on sovereignty and jurisdictional issues was considered the waste of time and eliminated from the workshop agenda. As a result, the discussions on political and security issues in the South China Sea have been terminated since the fifth meeting.

In accordance with China's strategy, the workshop, which aimed at establishing cooperative mechanisms, had increasingly concentrated on the relatively non-controversial technical-scientific aspects of the South China Sea issues. From China's perspective, the progress of TWGs was quite helpful in exchanging information between the participants.<sup>176</sup> The meeting approved to establish a program on the study and conservation of biodiversity in the South China Sea. The fourth TWG-MSR meeting agreed to convene in the following year to further their efforts on the monitoring of sea levels and tides. The meeting also reached an agreement on convening the first TWG-LM meeting in 1995. However, the TWG-LM would avoid the discussion on sensitive

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<sup>176</sup> M. Singgih Hadipranowo, et al., *The Fifth Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Department Of Foreign Affairs, Indonesia, 1994), 87.

territorial and sovereignty claims.<sup>177</sup> During the workshop, “doughnut formula” was initiated by Indonesia to specify the place for joint development. The formula selected the hole in the doughnut, which was the middle of the South China Sea, as the right place for joint development. As China claimed the whole of the South China Sea region, it was afraid that the formula would restrict its claims into the middle of the area while leaving the elongated ring to its respective adjacent claimants. In order to prevent the technical sideline from developing into the political boundary, China expressed its opposition to the formula. Consequently, the “doughnut formula” was ignored in the workshop.<sup>178</sup>

The Sixth Workshop was held in Balikpapan in October 1995. China again argued that the political and security discussions on the territorial disputes should not be included in the workshop.<sup>179</sup> The meeting also “reiterated that nothing in the Workshop or any related meetings prejudiced or affected territorial or jurisdictional claims or positions in the South China Sea”.<sup>180</sup> As the political and security issues have been excluded from the agenda, the workshop had been widely criticized as functioning more like a talk-shop. However, Ali Alatas had a different opinion. He expressed his satisfaction with the progress on the technical cooperative projects. He stated during the opening speech that the workshop “has formulated specific forms of cooperation and concrete projects in which all parties could participate... the various Technical Working Groups established

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<sup>177</sup> *The Statement of the Fifth Workshop on Managing Potential Conflicts in the South China Sea*, Bukittinggi, Indonesia, October 26-28, 1994.

<sup>178</sup> “Southeast Asia—Divide and Rule: Beijing Scores Points on South China Sea,” *Far Eastern Economic Review*, August 11, 1994, 18.

<sup>179</sup> *The Straits Times*, October 11, 1995.

<sup>180</sup> *The Statement of the Sixth Workshop on Managing Potential Conflicts in the South China Sea*, Balikpapan, Indonesia on October 9-13, 1995.

by the Workshop continue to make progress in studying various aspects of the projected cooperative efforts”.<sup>181</sup>

Based on established TWGs, Indonesian delegates urged that the participants should consider the implementation of TWGs seriously. The idea was opposed by China.

Although China strongly supported technical projects for joint development, the process of projects should be under China’s control. As China had not prepared well enough for carrying out the agreed proposal, it preferred to slow down the progress.<sup>182</sup> China could control the pace of progress by opposing any initiative that did not meet with its intent.

The Seventh Workshop was held in Batam in December 1996. The main task of this meeting was to discuss the implementation of the specific cooperative projects. Ali Alatas expressed his willingness that “the cooperative project proposals which the workshop has approved will soon be implemented with the full support of the authorities concerned”.<sup>183</sup> In contrast to the participants who were mostly ready for implementation, China still hesitated.<sup>184</sup> As China claimed the whole region, it was quite cautious to implement any proposal. A careless move could result disadvantage position as far as territorial claims were concerned. As a result, the implementation of the projects was postponed.

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<sup>181</sup> Speech of Mr. Ali Alatas at the Opening of the Sixth Workshop on “Managing Potential Conflict in the South China Sea,” Balikpapan, December 10, 1995. See *Report of the Sixth Workshop on Managing Potential Conflict in the South China Sea*, Annex E, 56-57.

<sup>182</sup> *The Straits Times*, October 11, 1995.

<sup>183</sup> *The Statement of the Seventh Workshop on Managing Potential Conflicts in the South China Sea*, Batam on 17 December 1996.

<sup>184</sup> *Ibid.*

Although the implementation was suspended, more TWGs meetings were scheduled to convene during the workshop. The participants agreed to start the second TWG-LM and also proposed to establish the Group Experts Meetings (GEMs). The GEMs would cover the areas of marine environmental protection (GEM-MEP), education and training of mariners (GEM-ETM), and hydrographic data and information exchange (GEM-HDI). China was also authorized to host the second meeting of TWG-MEP in the following year.

The Eighth Workshop was held in Puncak in December 1997. The meeting summarized the progress made by the numerous TWGs and GEMs in the previous years. The review was followed by the proposals of more TWGs and GEMs held in the next year. The third TWG meetings on both SNSC and LM were put on the agenda. Meanwhile, more GEMs were agreed to convene on HDI, MSR, and MEP. A new GEM on Non-Living and Non-Hydrocarbon Resources (GEM-NHM) was also on the discussion list. Furthermore, the meeting agreed to establish a Study Group (SG) on Zones Of Cooperation (SG-ZOC).<sup>185</sup>

The Ninth Workshop was held in Jakarta in December 1998. Ali Alatas opened the meeting by reemphasizing the importance of implementing the specific projects agreed by the participants.<sup>186</sup> According to the decisions made by the workshop, more GEMs were convened on law enforcement and unlawful acts at sea (GEM-LEUAS) and environmental legislation (GEM-EL). The other TWGs, GEMs, and SGs continued with

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<sup>185</sup> *The Statement of the Eighth Workshop on Managing Potential Conflicts in the South China Sea*, Pacet, Puncak, West Java, December 2-6, 1997.

<sup>186</sup> Address by Mr. Ali Alatas at the Opening of the Ninth Workshop on Managing Potential Conflicts in the South China Sea, Ancol, Jakarta, December 1, 1998.

their consecutive meetings. The ninth meeting also agreed to establish a group on the issue of a training program in biodiversity to initiate activities and compile geo-science data on the South China Sea. Besides, the participants agreed to recommend to their respective authorities to consider the ratification of: (1) the Rome Convention on the Suppression of Unlawful Acts Against the Safety of Maritime Navigation, 1988; (2) the International Convention on Civil Liability for Oil Pollution Damage, 1992; (3) the International Convention on the Establishment of International Fund for Compensation for Oil Pollution Damage, 1992; and (4) the International Convention on Oil Spill Pollution and Preparedness, Response and Co-operation, 1990.<sup>187</sup>

The Tenth Workshop was held in Bogor, West Java in December 1999. China's resource person recommended that urgent action should be taken about the degradation of the marine environment in the South China Sea. Thus, the consensus was made during the session that the protection of marine habitat deserved high priority.<sup>188</sup> Meanwhile, the participants agreed to request again that their respective authorities specify or quantify their stated support and contribution for the implementation of the agreed projects and programs. At the end of the meeting, group members agreed that the Eleventh Workshop, together with the numerous technical meetings, should be held in 2000.

However, the next workshop did not take place as scheduled because the Canadian International Development Agency (CIDA) discontinued its support for the workshop

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<sup>187</sup> *The Statement of the Ninth Workshop on Managing Potential Conflicts in the South China Sea*, Ancol, Jakarta, December 1-3, 1998.

<sup>188</sup> *The Statement of the Tenth Workshop on Managing Potential Conflicts in the South China Sea*, Bogor, West Java, Indonesia, December 5-8, 1999.



process. The workshop resumed in Jakarta in 2001. The focal point of the meeting was to talk about the funding of the workshops. Meanwhile, the direction of workshop and how to carry out the cooperative projects were also widely discussed among the participants. China maintained its enthusiasm for the workshop and supported the role of the workshop in promoting joint developments between the territorial disputants. As per the members' wishes, the workshop has continued its annual meetings since 2001.

### **3.2 EXCLUSION OF EXTERNAL ACTORS TO ADVISORY ROLES**

In order to balance China's power in the workshop, ASEAN had considered inviting distant powers to the meeting. Consequently, they raised the discussion of involving major non-South China Sea powers in the region at the Second Workshop.<sup>189</sup> From China's perspective, it enjoyed its "great power" status within the mechanism and did not want to be checked by the others, especially the United States and Japan.<sup>190</sup> The inclusion of outside powers would complicate the situation and would be adverse to China's national interests. Because of China's opposition, the proposal of inviting non-regional actors was not echoed within the meeting. Thus, the discussion has to be postponed nominally.

However, some members felt great pressure during the discussion and policymaking process in the face of China's "great power" status within the workshop. In response, they were eager for non-regional states to balance China's power. Accordingly, the idea

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<sup>189</sup> Indonesia originated a draft to include Japan, the U.S. and Russia. See Eric Hyer, "The South China Sea Disputes: Implications of China's Earlier Territorial Settlements," 41.

<sup>190</sup> *Liaowang Zhoukan* (Outlook Weekly, overseas edition), August 5, 1991, 28.

of inviting outsiders was initiated again at the Fourth Workshop. Quite naturally, China rejected the idea.<sup>191</sup> In order to show China's image as a benign power, it did, however, make a concession and allowed the involvement of non-South China Sea states and other regional or global organizations in future workshops. Following this, the agreement of involving non-regional actors was reached by the participants at the meeting.<sup>192</sup>

Nevertheless, as the agreement was against China's initial strategy,<sup>193</sup> it would be quite difficult to be put on the agenda for implementation. According to the agreement, the participation of non-regional actors should be allowed on a case-by-case basis.<sup>194</sup> The approval of each case should be based on a general consensus within the group. If China believed that the involvement of distant power would balance China's power within the workshop, the agreement could not be reached. As a result, the agreement could only be considered as a symbolic achievement since it would be silenced at the workshop as per China's wishes. The actual implementation could only be expected when China realized that it was not at the expense of China's interest.

As the Fourth Workshop had approved the proposal of involving non-South China Sea actors, the Fifth Workshop went further to authorize Dr. Djalal to seek cooperation with states outside the region.<sup>195</sup> Ali Alatas, from Indonesian Foreign Ministry, initiated the idea during the meeting. He iterated the possibility of inviting the United States, Japan,

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<sup>191</sup> *United Daily News*, September 20, 1993, 4.

<sup>192</sup> M. Singgih Hadipranowo, et al., *The Fourth Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Department Of Foreign Affairs, Indonesia, 1993), 78.

<sup>193</sup> Except for China, other participants, especially Taiwan, also had reservations of including non-South China Sea actors. See *United Daily News*, September 20, 1993, 4.

<sup>194</sup> Hasjim Djalal and Ian Townsend-Gault, *Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention*, 119.

<sup>195</sup> M. Singgih Hadipranowo, et al., *The fifth Workshop on Managing Potential Conflicts in the South China Sea* (Jakarta: Research and Development Agency, Department Of Foreign Affairs, Indonesia, 1994), 57, 59

and Europe to assist in cooperative projects.<sup>196</sup> In order to allow for gradual and manageable progress, Ali Alatas emphasized that such involvement could be only on the technical or financial aspects at the early stage. The proposal encountered major objection from China. China's delegates maintained, "It is not the time for us to involve them as we are just at the stage of discussing cooperation amongst ourselves".<sup>197</sup> However, China's statement was not unshakeable. China agreed that the issue of broadening the group could be considered when the time was right in the future.<sup>198</sup>

Backed by the authority given by the Fifth Workshop, Hasjim Djalal started seeking support and funding beyond the region. At the Ninth Workshop, the decision was made to invite a representative from United Nations Environment Programme (UNEP).<sup>199</sup> The officer was asked to give a presentation on the issues of the East Asian Seas Regional Coordinating Unit. Without doubt, the decision challenged China's strategy within the workshop, a move received very poorly by China. China showed great reluctance at the invitation of UNEP officer and warned, "No one has the right to extend the resource persons to outsiders without the agreement from the participants of the Workshop. UNEP is an organ of the United Nations; and therefore it should not have any formal relationship with this Workshop".<sup>200</sup> In spite of this, China conceded by agreeing that

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<sup>196</sup> Ibid., 53.

<sup>197</sup> *China Post*, October 27, 1994, 2.

<sup>198</sup> *The Strait Times*, 27 October 1994.

<sup>199</sup> The representative is resource person Dr. John Pernetta, a senior program officer of International Waters, UNEP's Global Environmental Facility Coordination Office. See Yann-huei Song, *Managing potential conflicts in the South China Sea: Taiwan's perspective*, 20.

<sup>200</sup> Hasjim Djalal, "Territorial Disputes at Sea: Situation, Possibilities, Prognosis," paper presented at the Tenth Asia-Pacific Roundtable, June 5-8, 1996, Institute for International and Strategic Studies, Kuala Lumpur, 4.

Dr. Djalal and Professor Townsend-Gault could continue communicating with UNEP regarding the implementation of some components of the Biodiversity Project that could be included within UNEP's Strategic Action Program.<sup>201</sup> According to the agreement, UNEP had been invited to annual workshops ever since.

However, it was still hard to say how much UNEP could be involved in the implementation of the specific projects. During the following series of workshops, no significant progress had been made on this issue.<sup>202</sup> China's position was very clear that the South China Sea disputes should be resolved among the countries concerned.

Although the regional or international organizations might be more acceptable to China than states such as the United States and Japan, China had agreed to talk rather than to take any real action with the outsiders on cooperative projects. China's voice was echoed by some littoral states in the region. They were afraid that involvement of non-regional actors would complicate the issue and the distant powers could use the involvement as the pretext for interfering in regional affairs. As a result, there would be more contention when the cooperation with non-regional actors comes to the stage of implementation.

Since the CIDA withdrew its contribution, the workshop discontinued its annual meeting in 2000. Although a number of countries showed their willingness to give financial support to the workshop, the members decided to fund themselves. The major concern

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<sup>201</sup> *Statement of the Ninth Workshop on Managing Potential Conflicts in the South China Sea*, Ancol, Jakarta, December 1-3, 1998.

<sup>202</sup> The cooperation between the biodiversity project and UNEP remained its informal nature. See *The Report from the Drafting Group on the Biodiversity Project in The Sixth Meeting of the Technical Working Group on Marine Scientific Research and The Second Meeting of the Group of Experts on Marine Environmental Protection in the South China Sea*, Manila, November 25-28, 1998.

was that the external funding would come with political strings attached.<sup>203</sup> It also implied that China's preference of excluding non-regional players was acceptable to most, maybe not all, workshop members.

As a consequence, what can be expected is that multilateral workshop would continue to be undertaken exclusively by the South China Sea states. China would maintain its "great power" status within the multilateral mechanism in the foreseeable future. The outcome would be different if China had realized that distant players could be helpful in building up the regional order by assisting in the joint developments.

### 3.3 INFORMALITY

To prevent the workshop from evolving into a formal forum was not a substantial strategy of China's multilateralism in the region. Since 1995, China has agreed to talk about the South China Sea issue with ASEAN at the ASEAN Regional Forum that is a formal multilateral mechanism. It seemed that formal multilateral talk on this issue was acceptable to China. The major reason for China's opposition to the formalization was Taiwan's participation. The MPCSCS Workshop was the only multilateral forum in the region that involved both the PRC and Taiwan on the South China Sea issue.<sup>204</sup> As China insisted on "One China" policy, it could not allow Taiwan to be present in a formal talk. As a result, two choices emerged for China. One was to accept the proposal of

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<sup>203</sup> Karsten Von Hoesslin, *Informal Dialogue on the South China Sea Works to Singapore's Advantage: Annual Workshop on Preventing Conflict as Strong as Ever* [cited July 20, 2005], available from: [http://www.stratnet.ucalgary.ca/publications/pdf/vonhoesslin-straits\\_jan05.pdf](http://www.stratnet.ucalgary.ca/publications/pdf/vonhoesslin-straits_jan05.pdf).

<sup>204</sup> Taiwan was excluded from ASEAN, ARF and CSCAP that deals with the South China Sea conflicts in the region.

formalization while preventing Taiwan from participating. The other was to allow the presence of Taiwan but keep the informal nature of the workshop. As both the PRC and Taiwan were invited by the workshop and the PRC was eager to publicize its joint development idea within the multilateral forum, the latter choice floated as the better strategy for China. As the consequence, any initiation of formalizing the workshop was objected by China during the series of meetings.

Since 1990, China had stated that the workshop should not be formalized.<sup>205</sup> As the workshop promised its informal nature, China has attended the meeting actively since the Second Workshop. This unofficial, or second track, workshop was embraced by China because the working group was totally independent and did not support any particular jurisdictional claim in the disputed region. However, the second meeting saw the discussion on the need to establish a secretariat and formalize the workshop. This proposal encountered many obstacles, mainly from China.<sup>206</sup> China prevented Taiwan from entering into any kind of formal organization. Due to the need to invite both China and Taiwan to the same forum, the workshop had to remain informal. Otherwise, the whole agenda of the meeting would be occupied by the discussion of Taiwan's status. What was worse, Taiwan and China would withdraw from the meeting. Without involving the main claimants in the South China Sea, the workshop would be meaningless. Thus, the idea of formalization was ignored.

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<sup>205</sup> *Foreign Broadcast Information Service, Daily Reports: East Asia* (August 13, 1990), 36; *New Straits Times*, August 13, 1990; Nayan Chanda and Tai Ming Cheung, "Reef Knots," *Far Eastern Economic Review* (August 30, 1990), 8.

<sup>206</sup> Considering the issue of inviting non regional power and formalizing the workshop, not only China, but also some of the other participants expressed their objections for respective reasons.

The issue of formalization was again raised during the Third workshop. As expected, this was opposed by many participants, especially China.<sup>207</sup> However, the Fourth Workshop saw another initiation of the formalization. Indonesian Foreign Minister Alatas expressed his desire to formalize the workshop as an official inter-governmental forum in his opening speech.<sup>208</sup> The response of Chinese delegates was “No Way! No Way! We definitely disagree. The matter is very complicated. If the proceeding were formalized, the issue would become very difficult”.<sup>209</sup> China had been quite satisfied with the status of the participants then and supported the informal nature of the workshop. From China’s perspective, there was no necessity for the workshop to evolve into a formal forum.<sup>210</sup> Meanwhile, some ASEAN diplomats also privately accused Indonesia of upsetting China by formalizing the workshop.<sup>211</sup> Contended by the objections mainly from China, Dr. Djalal had no choice but slow down the process of formalization. In search of the possibility of formalization in the future, Dr. Djalal asked the participants to recommend the proposals to their respective governments.<sup>212</sup>

Since the Fifth Workshop, the efforts of formalizing the meeting have been focused on technical cooperative projects. Ali Alatas presented the idea in his opening address. He explained that it was not mature to “raise the whole workshop process to be a formal

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<sup>207</sup> Hasjim Djalal and Ian Townsend-Gault, “Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention”, 119; *The Straits Times*, July 3, 1992.

<sup>208</sup> M. Singgih Hadipranowo, et al., *The Fourth Workshop on Managing Potential Conflicts in the South China Sea*, 72; Ian Kemish, “Managing Potential Conflict in the South China Sea”, 225

<sup>209</sup> *United Daily News*, August 25, 1993, 9.

<sup>210</sup> *The Straits Times*, August 24, 1993; *Lianhe Zaobao* (Singapore), August 26, 1993; AP-DJ, August 24, 1993.

<sup>211</sup> “Southeast Asia—Divide and Rule: Beijing Scores Points on South China Sea,” *Far Eastern Economic Review*, August 11, 1994, 18.

<sup>212</sup> M. Singgih Hadipranowo, et al., *The Fourth Workshop on Managing Potential Conflicts in the South China Sea*, 35.

meeting among governments. But since we have agreed that there can be cooperation in areas, it is necessary to follow through with the involvement of government departments, so that cooperation can be concrete”.<sup>213</sup> The clarification was considered as a sign that ASEAN countries had to slow down the process of formalization in order to reach a compromise with China.<sup>214</sup>

In 1995, China agreed that the South China Sea conflicts could be discussed in the ASEAN Regional Forum (ARF), the formal multilateral mechanism. As a result, the participants of the Sixth Workshop did not see any need to formalize the workshop.<sup>215</sup> As the issues had been discussed in a more formal forum, Ali Alatas reiterated in the Seventh Workshop that the workshop was informal and there was no need to pursue the issue.<sup>216</sup> During the Eighth Workshop, he made a further clarification and finalized the workshop as the informal talk that provided basic support to the formal forum on the South China Sea issues.<sup>217</sup>

The idea of formalization was ignored in the workshops. In order to prevent Taiwan from gaining the equal status with the other states, China had to keep the workshop informal. What was more, China’s delegation found that it was more comfortable to participate in an informal talk rather than a formal one, although the formal one was also acceptable. The informal workshop gave China an opportunity to exchange information,

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<sup>213</sup> *The Straits Times*, October 22, 1994, October 26, 1994.

<sup>214</sup> Lee Lai To, *China and South China Sea Dialogues*, 71.

<sup>215</sup> During the sixth workshop, China reiterated that the issue of formality could not be discussed within the meeting. See *The Straits Times*, October 13, 1995.

<sup>216</sup> *The Straits Times*, December 16, 1996.

<sup>217</sup> *The Straits Times*, December 4, 1997.



communicate, and negotiate with the other claimants in a free atmosphere. At the informal meeting, China could control the pace of process in China's favor. China could fulfill its commitments only when it had prepared well enough. Out of the similar considerations, China's opposition to the formalization was echoed by some ASEAN countries. In light of the discussion of South China Sea disputes within the ARF, any attempt of formalizing the workshop was considered unnecessary.

By reviewing China's multilateral policy in the MPCSCS Workshops from 1992 to 2001, I can conclude that China showed its intention by dominating the process of this multilateral mechanism and redirecting the meetings to China's favored track. The workshops bear the mark of Chinese requirements.

At China's request, any sovereignty and jurisdictional discussion about the territorial disputes had been set aside since the Fifth Workshop. Gradually recognizing the meaninglessness of political and security discussion, ASEAN countries began to emphasize the importance of Confidence Building Measures (CBMs).<sup>218</sup> Starting from the similar concerns with the informality of the workshop, China did not want to discuss the political CBMs in the workshop that included Taiwan. China's entry into the CBMs talk at the ARF proved that the political CBMs were acceptable to China even within the formal multilateral mechanism.<sup>219</sup> Echoed by some of the other participants, China

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<sup>218</sup> The issue of CBMs had been touched since the Fourth Workshop. Participants agreed to talk about the CBMs in the final session of the meeting. See *the Statement of the Fourth Workshop on Managing Potential Conflicts in the South China Sea*, Surabaya, Indonesia on 23-25 August 1993.

<sup>219</sup> Taiwan was not the ARF member.

expressed its reluctance for talking about CBMs in such an informal workshop.<sup>220</sup>

Accordingly, the interests of promoting CBMs in the workshop had been reduced. In the eighth workshop, the issue of the CBMs was not discussed because of the time constraints. This tells that the issue was not essential in the workshop, though touched upon in the following workshops, where no significant progress had been made.

While shelving the territorial disputes, the workshop redefined its focal point on promoting the technical cooperative projects for joint development. The programs covered mainly five areas. They were Marine Scientific Research, Safety of Navigation and Communications, Resource Assessment and Ways of Development, Legal Matters, and Marine Environmental Protection. Numerous meetings on these matters had taken place under the support of the workshop (See Table 3.1). Some of them had been close to implementation. However, the timetable of carrying out the implementations was, to a large extent, decided by China.

**Table 3.1 A list of Previous TWG, GEM, SG, and Other Meetings Held between 1993-2000**

|      |            |                             |
|------|------------|-----------------------------|
| 1993 | TWG-MSR-1  | Manila, Philippines         |
|      | TWG-MSR-2  | Surabaya, Indonesia         |
|      | TWG-RA-1   | Jakarta, Indonesia          |
| 1994 | TWG-MSR-3  | Singapore                   |
|      | TWG-MEP-1  | Hangzhou, China             |
| 1995 | TWG-MSR-4  | Hanoi, Vietnam              |
|      | TWG-SNSC-1 | Jakarta, Indonesia          |
|      | TWG-LM-1   | Phuket, Thailand            |
| 1996 | TWG-MSR-5  | Cebu, Philippines           |
|      | TWG-SNSC-2 | Bandar Seri Begawan, Brunei |

<sup>220</sup> *The Straits Times*, October 13, 1995.

|      |              |                                |
|------|--------------|--------------------------------|
| 1997 | TWG-MEP-2    | Hainan, China                  |
|      | TWG-LM-2     | Chiang Mai, Thailand           |
|      | GEM-MEP-1    | Phnom Penh, Cambodia           |
|      | GEM-ETM-1    | Singapore                      |
|      | GEM-HDI-1    | Kuching, Malaysia              |
| 1998 | TWG-SNSC-3   | Singapore                      |
|      | TWG-LM-3     | Pattaya, Thailand              |
|      | GEM-HDI-2    | Singapore                      |
|      | TWG-MSR-6    | Manila, Philippines            |
|      | GEM-MEP-2    | Manila, Philippines            |
|      | GEM-NHM-1    | Jakarta, Indonesia             |
|      | SG-ZOC-1     | Vientiane, Laos                |
| 1999 | SG-ZOC-2     | Tabanan, Bali, Indonesia       |
|      | GEM-EL-1     | Shanghai, China                |
|      | TWG-LM-4     | Koh Samui, Thailand            |
|      | GEM-SRIAS-1  | Kota Kinabalu, Sabah, Malaysia |
| 2000 | GEM-HDI-3    | Legian, Bali, Indonesia        |
|      | GEM-SRIAS -2 |                                |
|      | SG-ZOC-3     |                                |
|      | GEM-EL-2     |                                |
|      | GEM-NHM-2    |                                |
|      | TWG-LM-5     | Cha Am, Thailand               |

Source: compiled by the author

Keys: TWG=Technical Working Group; GEM=Group of Experts Meeting; SG=Study Group; MSR= Marine Scientific Research; RA=Resource Assessment; MEP= Marine Environmental Protection; SNSC= Safety of Navigation, Shipping and Communication; LM= Legal Matters; ETM= Education and Training of Mariners; HDI= Hydrographic Data and Information Exchange; NHM= Non-living, Non-hydrocarbon Mineral Resources; ZOC= Zones of Co-operation; EL=Environmental Legislation; SRIAS=Search and Rescue and Illegal Acts at Sea

Besides, the issues of inviting non-South China Sea actors and formalizing the workshop were ignored at the meetings. By preventing outside powers from interfering on the regional affairs, China could enjoy its “great power” status within the workshop. It was

not difficult for China to oppose any adversarial initiative from the meeting. Only China's preferred idea could be agreed as a consensus at the meetings.

Although the agenda of the workshop had been labeled with China's strategy in the region, it was still acceptable to the other disputants. One idea of ASEAN was that "Talk talk is better than shoot shoot."<sup>221</sup> The ASEAN approach in the workshop was non-confrontational.<sup>222</sup> In face of China's strong stance, ASEAN countries had to avoid direct confrontation with China and seek possible space for compromise. The areas of consensus building were in China's terms. Although the progress was quite slow, ASEAN members realized that it was the only way to keep the workshop working.

As China was quite satisfied with the progress of the workshop, it reaffirmed its embrace of regional multilateralism. China expressed that "it is necessary to strengthen multilateral consultations and to adopt adequate Confidence Building Measures within the frame of preventive diplomacy with a view to promote the mutual understanding and security cooperation among the Asia Pacific countries".<sup>223</sup> China showed its support and participated in the MPCSCS Workshop actively with the hope that its strategy of joint development could be reached finally.<sup>224</sup> The workshop would continue to be considered as a good instrument for publicizing its regional order and finally building up China's hegemonic stability in the South China Sea area.

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<sup>221</sup> "Security Meetings Being Held to Reduce Spratly Tension," *Far Eastern Economic Review*, May 27, 1993, 30.

<sup>222</sup> Jose T. Almonte, "Ensuring Security the 'ASEAN Way'," *Survival*, Vol. 39, No.4 (Winter 1997-98), 81.

<sup>223</sup> M. Singgih Hadipranowo, et al., *The fifth Workshop on Managing Potential Conflicts in the South China Sea*, 88.

<sup>224</sup> Wang Xinsheng, *Sino-Southeast Asian Regional Cooperation and Public Administration*, 162.

## **CHAPTER 4:**

### **CASE STUDY:**

#### **ASEAN REGIONAL FORUM**

The ASEAN Regional Forum (ARF) was the first high-ranking multilateral mechanism on political and security cooperation in the Asia-Pacific region. The forum involved most of the countries in this region. The annual ARF meetings brought together Foreign Ministers from ten ASEAN nations and their counterparts from Australia, Canada, China, the European Union, India, Japan, South Korea, Mongolia, New Zealand, Papua New Guinea, Russia and the United States. North Korea and East Timor were invited as well.<sup>225</sup>

Since the first meeting, the ARF had taken an evolutionary approach extended over three broad stages, namely the promotion of confidence building, the development of preventive diplomacy, and the elaboration of approaches to conflicts.<sup>226</sup> During the first stage, no institutionalization was expected. The meeting was considered as a milestone

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<sup>225</sup> The first ARF meeting was attended by 6 ASEAN members (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand), 7 ASEAN's dialogue Partners (Australia, Canada, the European Union, Japan, South Korea, New Zealand, and the United States), 2 ASEAN's Consultative Partners (China and Russia), and three ASEAN's Observers (Laos, Papua New Guinea, and Vietnam). India became a participant on becoming a dialogue partner in 1996. Mongolia, North Korea, and East Timor were admitted in 1999, 2000, and 2005 respectively.

<sup>226</sup> The concept of three-stage evolution was clarified in the second ARF meeting. See ASEAN Secretariat, "Chairman's Statement of the Second ASEAN Regional Forum," *ASEAN Regional Forum: Documents Series 1994 – 2002*. (Jakarta: ASEAN Secretariat, 2003), 10.

for the region, which “signified the opening of a new chapter of peace, stability and cooperation for Southeast Asia”.<sup>227</sup>

The ARF built upon the ASEAN’s idea and was in accordance with the 1992 Singapore Declaration of the Fourth ASEAN Summit. The main concern of ASEAN during the ARF’s establishment was how to react to the potential power shifts in the region.<sup>228</sup> Due to the U.S. military withdrawal from Southeast Asia, the other regional powers, especially China, were eager to fill in the power vacuum or challenge the primary role of the United States in the region. Thus, ASEAN hoped that the multilateral framework could help to preserve the stable regional environment that had fostered ASEAN’s dramatic economic growth. Meanwhile, by leading the forum, ASEAN wished to expand its influence from the sub-region to the whole Asia-Pacific area.<sup>229</sup> Despite this, ASEAN’s primary security concern was still regional stability, especially in face of the unpredictable role of a rising China. Accordingly, ASEAN’s China strategy was to enmesh China into a web of relationships and cultivate it to be a responsible regional power through the ARF framework.<sup>230</sup> By restraining China’s behavior through a formal

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<sup>227</sup> ASEAN Secretariat, “Chairman’s Statement of the First ASEAN Regional Forum,” *ASEAN Regional Forum: Documents Series 1994 – 2002*, 3.

<sup>228</sup> Maria Consuelo C. Ortuoste, “Reviewing the ARF and its Role in Southeast Asian Security,” Paper presented in the International Workshop on *New Dimensions of Conflict and Challenges for Conflict Management in Southeast Asia*, December 5-9, 1999, Penang, Malaysia.

<sup>229</sup> Ian Stewart, “ASEAN Displays New Influence in Move to Host Regional Forum,” *South China Morning Post*, July 26, 1993.

<sup>230</sup> Jusuf Wanandi, “ASEAN’s China Strategy: Towards Deeper Engagement,” *Survival*, Vol. 38, No. 3 (Autumn 1996), 121.

multilateral mechanism, the South China Sea conflict could be resolved in ASEAN's favor.<sup>231</sup>

From China's perspective, however, the focal point of security concern in the Asia-Pacific region was not located in Southeast Asia but Northeast Asia. The South China Sea disputes did not rank higher than the relations across the Taiwan Straits, the bilateral security agreement between the United States and Japan, or even the nuclear crisis in the Korean Peninsula. Thus, China's purpose of entering into the ARF stemmed from its concern of not only the South China Sea but also the whole Asia-Pacific region. It was a move to build up a harmonious external environment, to seek opportunities for its modernization drive, and to expand its influence in the entire Asia-Pacific region.

This study, however, intends to discuss China's concession of allowing the inclusion of the South China Sea issue on the formal multilateral discussion of the ARF. China's main intention behind this concession was to maintain regional stability.<sup>232</sup> Meanwhile, the multilateral talks could be used to help establish a regional order of "Sovereignty is mine, postpone disputes, exploit the resources for mutual benefit". Departing from these concerns, China's strategies were: 1) to express China's stance and defend its territorial claims over the region; 2) to prevent the discussion of political and security issues on the South China Sea within the ARF meeting; 3) to welcome the cooperative efforts in promoting joint developments between the territorial disputants; and 4) to forestall any

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<sup>231</sup> The unstated objective of the ARF was to engage China in a security dialogue, so the threat posed by Beijing's military power can be contained. See "ASEAN—Gentle Giant: China Seeks to Calm Southeast Asia's Fears," *Far Eastern Economic Review*, August 4, 1994.

<sup>232</sup> "China For ASEAN Security Forum if Members Agree on Stabilising Role," *The Straits Times*, May 22, 1994.

attempt by the outsiders, especially the United States and Japan, to intervene in regional affairs.

China's engagement in the ARF dated back to China's then Foreign Minister Qian Qichen's visit in Singapore in July 1993. During the trip, he assured his Singaporean counterpart that "China would be pleased to participate in regional security dialogues with ASEAN" and accepted the invitation of joining the ARF.<sup>233</sup> Qian, quoted by his spokesman Wu Jianmin, further explained, "China is ready to conduct dialogues at different levels, through different channels and in whatever forms". Considering the multilateral talk on the South China Sea conflicts, Qian restated China's indisputable claims over the islands and supported the idea of putting the sovereignty question aside temporarily to allow for joint development.<sup>234</sup>

The First ARF meeting was held in Bangkok on 25 July 1994, China participating as a consultative partner. The forum provided an opportunity for the regional states to exchange their ideas about the Asia-Pacific area in particular and also international relations and defense affairs in general. The meeting agreed to accept the purpose and principles of ASEAN's Treaty of Amity and Cooperation in Southeast Asia as a code of conduct governing their relations.

In preparation for the First ARF, some of the ASEAN members called for the forum to focus on the common areas rather than contentious issues since "raising contentious

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<sup>233</sup> "ASEAN Discuss Setting Up of New Regional Security Forum," *BBC Monitoring Service: Asia-Pacific*, July 24, 1993.

<sup>234</sup> "China's Policy in Asia-Pacific Is One of Peace: Qian," *The Straits Times*, July 24, 1993.



issues at the meeting might put certain countries on the defensive if they were at the end of the criticisms and cause them to question their participation in the forum”.<sup>235</sup> The idea was welcomed by China, as it would be quite embarrassing if the disputes over the sovereignty of the South China Sea were included in the agenda of the forum.<sup>236</sup>

However, ASEAN members, especially Malaysia and the Philippines, did show their interest in discussing the political and security issues of the South China Sea conflicts during the inaugural meeting.<sup>237</sup> In response, the Chinese delegate, in the first press conference prior to the ARF meeting, restated that territorial disputes should not be touched during the ARF talks.<sup>238</sup> In order not to confront China during the inaugural meeting, ASEAN delegates refrained from raising such sensitive issues.<sup>239</sup> A senior ASEAN official summed up the situation with the following lines, “Let's face it. China is too big and powerful. If it says it won't accept the multilateral approach there is no point pushing that... Everybody is reluctant to say anything that upsets the Chinese. The fact is, China has won”.<sup>240</sup>

In the end, there was no fixed agenda on this issue for the three-hour meeting. The statement highlighted the importance of non-proliferation of nuclear weapons in

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<sup>235</sup> “Call for ASEAN Regional Forum to Focus on Common Areas,” *Business Times Singapore*, March 23, 1994.

<sup>236</sup> “Chinese Minister in Thailand on Spratly, ASEAN, Taiwan, Korean Unclear Issues,” *BBC Monitoring Service: Asia-Pacific*, April 11, 1994.

<sup>237</sup> “ASEAN Forum to Discuss Spratlys Issue-Minister,” *Reuters News*, July 17, 1994; *The Straits Times*, July 18, 1994; “Questions on China’s Territorial Intensions,” *Sydney Morning Herald*, July 22, 1994; “Indonesia Persuades Manila and Hanoi to Talk Over Spratlys,” *Bangkok Post*, July 23, 1994 .

<sup>238</sup> “China Insists on Bilateral Talks to End Spratly Dispute,” *Business Times Singapore*, July 22, 1994. <sup>239</sup> *Foreign Broadcast Information Service, Daily Report: China*, FBIS-CHI-94-143, July 26, 1994.

<sup>240</sup> “Southeast Asia—Divide and Rule: Beijing Scores Points on South China Sea,” *Far Eastern Economic Review*, August 11, 1994, 18; For further reading., see “South China Sea: Washington Needs to Hear About Beijing’s Claims,” *International Herald Tribune*, October 18, 1994.

Northeast Asia, while leaving the South China Sea conflicts unmentioned. As the first meeting failed to address pressing issues such as the jurisdictional stalemate in the South China Sea, the ARF was criticized as being in danger of becoming “no more than a glorified cocktail party”.<sup>241</sup>

Through the habit of dialogue in the ARF, China was slowly seeing the merits of a formal multilateral approach. As ASEAN undertook the obligation to be the primary driving force, the method and approach of the ARF followed ASEAN’s diplomatic practice. Soon after the First ARF meeting, it was reported that China was satisfied with ASEAN’s role as the chairman of the forum and was willing to rule out the use of force or threat to settle the South China Sea disputes. China further expressed its hope of adopting a principle of cooperation on regional security at the Second ARF meeting.<sup>242</sup>

The Mischief Reef incident, however, broke out in 1995. As the Philippines could not balance China’s power within the bilateral talks, its immediate strategy was to formalize the talks and internationalize the conflicts.<sup>243</sup> President Fidel Ramos stated that the Mischief Reef incident was not only a bilateral issue between China and the Philippines but also a multilateral concern to “all countries interested in the long-term stability of the South China Sea and the East Asian region as a whole”. Besides, the Philippines even considered taking the case to the International Court of Justice in the Hague.<sup>244</sup>

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<sup>241</sup> *The Straits Times*, 2 August 1995; Robert A. Manning and Jame J. Przystup, “The China Challenge,” *Far Eastern Economic Review*, July 6, 1995, 30.

<sup>242</sup> “China Calls for Regional Security Cooperation: Report,” *Agence France-Presse*, November 30, 1994.

<sup>243</sup> Alfonso T. Yuchengco, “Making Mischief in the Spratlys,” *Filipinas 5* (April 1996), 17-18.

<sup>244</sup> “Manila Looks for a Slingshot: Philippines is Bringing International Opinion to Bear on China,” *Far Eastern Economic Review*, March 9, 1995, 40.

However, ASEAN members each had individual interests vested in China and not all ASEAN countries claimed islands in the South China Sea. With the ASEAN allies incapable of presenting strong protest, Manila could do little but encourage a collective effort in “quiet diplomacy” to convince the Chinese to adhere to the Manila Declaration.<sup>245</sup> However, Philippines’ proposal of raising the dispute over the Spratlys with China during the Second ARF meeting in August that year was rejected by its ASEAN co-members. As ASEAN calculated the priority of using the ARF was to engage China rather than to confront it, the group decided to refrain from raising territorial disputes in the South China Sea collectively but encouraged individual states to put up the issue.<sup>246</sup>

In response to the escalating tensions over Mischief Reef and the Philippines’ demands, both Japan and the United States were concerned that the conflict would threaten the free passage of shipping in the region. The United States presented its stance on this issue by stating that maintaining peace, stability, and freedom of navigation was the major interest of the United States. It also declared that it would maintain its neutral position on the legal merits of the competing claims.<sup>247</sup> However, it called for the discussion of South China Sea issues at the next ARF meeting.<sup>248</sup>

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<sup>245</sup> “Spratlys Row- Manila Looks to Diplomacy- And Help From ASEAN,” *The Straits Times*, February 22, 1995.

<sup>246</sup> “ASEAN Not to Raise S. China Sea Disputes at ARF Meeting,” *Japan Economic Newswire*, May 20, 1995; “ASEAN Thwarts Confrontation with China over Spratlys,” *Agence France-Presse*, May 22, 1995; “ASEAN Officials Dodge Spratly Issue in Brunei Meet,” *Reuters News*, May 22, 1995; “ASEAN Will Not Raise Spratlys Issue Collectively,” *The Straits Times*, May 23, 1995.

<sup>247</sup> Statement by the U.S. Department of State on the Spratly Islands and the South China Sea, May 10, 1995. See Ralph A Cossa, ed., *Security Implications of Conflict in the South China Sea* (Honolulu: Pacific Forum/CSIS, 1996), Appendix G, G-1.

<sup>248</sup> “ASEAN Forum ‘Should Address Spratlys Issue’,” *The Straits Times*, May 19, 1995.

Although the United States promised to take no position on the territorial disputes, its regular naval presence in the South China Sea helped serve as deterrence to any unilateral action in the region. In order to prevent outside powers from interfering directly in the issue, China agreed to a code of conduct with the Philippines that both two parties were bound to resolve disputes “without prejudice to the freedom of navigation in the South China Sea”.<sup>249</sup> Furthermore, as China’s fear of being controlled by outside powers was identical to ASEAN’s concern, the likelihood was slim that direct U.S. intervention would be accepted in resolving the South China Sea conflicts at the coming ARF meeting.<sup>250</sup>

On the other hand, China had to deal with the possible collective protest from ASEAN nations. Considering the importance of cultivating beneficial economic and political ties with the Southeast Asia, China realized that it was time to discuss the South China Sea conflict at the ARF meeting. By attending the ARF senior officials meeting in Brunei, Assistant Chinese Foreign Minister Wang Yinfan explained, “Beijing's position had not changed -- it continues to claim all of the Spratlys but welcomes joint development of the islands.”<sup>251</sup> China, on the eve of the ARF meeting, reiterated that it had agreed to settle its dispute with Asian neighbors over the Spratly Islands, on the basis of international law without the involvement from outsiders.<sup>252</sup>

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<sup>249</sup> “Spratlys ‘Code of Conduct’ Agreed”, *Agence France Press*, September 11, 1995.

<sup>250</sup> Scott Snyder, *The South China Sea Dispute: Prospects for Preventive Diplomacy*, August 1996 [cited June 2, 2005], available from: [http://www.usip.org/pubs/specialreports/early/snyder/South\\_China\\_Sea2.html](http://www.usip.org/pubs/specialreports/early/snyder/South_China_Sea2.html).

<sup>251</sup> “ASEAN Officials Dodge Spratly Issue in Brunei Meet,” *Reuters News*, May 22, 1995.

<sup>252</sup> “China Ready to Settle Spratly Dispute by Law,” *Reuters News*, July 30, 1995; “China Warns Off the US Over South China Sea,” *Australian Financial Review*, July 31, 1995, 8.

The Second ARF did provide a platform for the members to discuss the issue openly. During the meeting, China, for the first time in a formal multilateral function, agreed to discuss the South China Sea disputes with ASEAN as a group. China was among the first to raise the South China Sea territorial dispute. It reemphasized its indisputable ownership of the South China Sea area.<sup>253</sup> Yet China agreed to act in accordance with international law, including the Law of the Sea, in its effort to resolve the regional dispute. China's standing committee of the Chinese National People's Congress also planned to ratify the UN Convention on the Law of the Sea.<sup>254</sup> Up to this time, China believed that the most realistic and practical way to resolve the Spratly dispute was to "shelve disputes and facilitate joint development".<sup>255</sup> In order to assure the United States and prevent it from intervening in regional affairs, China also promised to keep the navigation free in the region.<sup>256</sup> A series of conciliatory moves could be meaningful to repair the damage of Sino-ASEAN relations.<sup>257</sup>

China's concession was considered an ARF success, because China was induced to the formal multilateral discussion table on the South China Sea issues.<sup>258</sup> However, "there were no initiatives to take serious action within the ARF framework."<sup>259</sup> Because of China's sensitivities, the ministers had agreed not to mention the South China Sea

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<sup>253</sup> "China Seen Defusing Tensions in South China Sea," *Reuters News*, August 2, 1995.

<sup>254</sup> "China Says no Tension over Spratlys Claims," *Bangkok Post*, August 2, 1995, 9. In terms of international law, it will be unnecessarily detrimental to China. See "PRC Stance on Spratly Dispute Explained," *BBC Monitoring Service: Asia-Pacific*, August 14, 1995. The Chinese claim by international law did appear to be stronger than that of any other country. See Ross Marlay, "China, the Philippines, and the Spratly Islands," 202.

<sup>255</sup> "PRC Stance on Spratly Dispute Explained," *BBC Monitoring Service: Asia-Pacific*, August 14, 1995

<sup>256</sup> "China, U.S. Hope Maritime Safety not Compromised in Spratly Dispute," *Agence France-Presse*, August 1, 1995.

<sup>257</sup> "Cloud of Gloom over the Spratlys," *The New Straits Times*, January 11, 1996, 9.

<sup>258</sup> "Participants-No Threat to Peace in S. China Sea," *Business Times*, August 12, 1995, 19.

<sup>259</sup> Maria Consuelo C. Ortuoste, *Reviewing the ARF and its Role in Southeast Asian Security*.

conflicts openly in the statement,<sup>260</sup> but expressed their concern on overlapping sovereignty claims in the region and encouraged all the disputants to “reaffirm their commitment to the principles contained in relevant international laws and convention, and the ASEAN’s 1992 Declaration on the South China Sea”.<sup>261</sup>

Besides the South China Sea discussion, the Second ARF elaborated that “decisions of the ARF shall be made through consensus after careful and extensive consultations among all participants”.<sup>262</sup> It served China’s interest in resolving the South China Sea conflicts. By opposing any adversarial initiation, the process of conflict resolution could move at a pace comfortable to China. Thus, China showed its support to ASEAN as the chairman of the ARF.<sup>263</sup>

The forum also agreed to establish three inter-sessional working groups, which shall be co-chaired by ASEAN and non-ASEAN participants. One was Inter-sessional Support Group (ISG) on Confidence Building specializing on security perceptions and defense policy papers. The other two were Inter-sessional Meetings (ISMs) on Cooperative Activities including, inter alia, Peacekeeping.<sup>264</sup> The South China Sea issue had been allowed for discussion since the second meeting of ISG on CBMs in 1997.

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<sup>260</sup> “ASEAN Regional Forum Ends with Bold Statement,” *Japan Economic Newswire*, 1 August 1995; “Regional Forum Ends with Comprehensive Statement,” *BBC Monitoring Service: Asia-Pacific*, August 3, 1995.

<sup>261</sup> ASEAN Secretariat, “Chairman’s Statement of the Second ASEAN Regional Forum,” *ASEAN Regional Forum: Documents Series 1994 – 2002*, 13-14.

<sup>262</sup> *Ibid*, 10.

<sup>263</sup> Pan Zhengqiang, “A Chinese Perspective” in *The Future of the ARF*, ed. Khoo How San (Singapore: Institute of Defense and Strategic Studies, Nanyang Technological University, 1999), 55-56.

<sup>264</sup> ASEAN Secretariat, “Chairman’s Statement of the Second ASEAN Regional Forum”, *ASEAN Regional Forum: Documents Series 1994 – 2002*, 12.

The Third forum was held in Jakarta in July 1996. It was the first time that China attended the ARF meeting as a full dialogue partner of ASEAN. The major issue concerning the South China Sea conflicts during the forum was ASEAN's request for China's explanation about the recently released decree that defined its territorial borders in the South China Sea.

Earlier that year, China assured the other disputants that by acceding to the UN Convention on the Law of the Sea (UNCLOS). China would, just like other countries, interpret these laws in such a way as to maximize its claims in the region.<sup>265</sup> According to China's interpretation of the UNCLOS, China promulgated a new law on its maritime boundaries and published a map over the South China Sea area. The actions were considered by its smaller neighbors as an indication that China was vastly expanding its sovereignty in the region.<sup>266</sup> Consequently, ASEAN members were expected to express their displeasure over China's move during the Third ARF meeting.<sup>267</sup> However, some of the ASEAN officials showed their concern of confronting China, as it had just become a full dialogue partner and suggested playing down their differences with China.<sup>268</sup>

At the meeting, Chinese delegates continued to articulate the importance of maintaining regional peace and developing mutually beneficial cooperation with ASEAN as its

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<sup>265</sup> Lee Lai To, *China and the South China Sea dialogues* (Westport, Conn. : Praeger, 1999), 38.

<sup>266</sup> "Beijing to be Quizzed over Line in the Sand in Spratlys," *Agence France-Presse*, July 22, 1996; "ASEAN Opens with Informal Dinner," *The Jakarta Post*, July 23, 1996, 1.

<sup>267</sup> "ASEAN Dispute of China Is Simmering—Security Talks to Focus On Control of Paracels, Policy Towards Burma," *The Asian Wall Street Journal*, July 22, 1996, 1 .

<sup>268</sup> "Indonesia Seeks Clarification on Extension of Territorial Waters into Disputed Area," *South China Morning Post*, July 22, 1996.

priority.<sup>269</sup> During the various discussions on the South China Sea disputes, China defended its promulgation of the law as it was “in accordance with international law and Chinese domestic law”. As the differences of views between Chinese experts and experts from outside did exist, China hoped that they could “solve the differences through consultations”.<sup>270</sup> The recommendation was accepted by the other rival claimants who agreed that they would “continue to talk on this.”<sup>271</sup> Foreign Minister Qian Qichen further expressed, “China stands for shelving the disputes while going for joint development pending a solution... It is my hope that they will gradually become consensus views of Forum members”.<sup>272</sup>

Starting from Indonesia’s concern that “they would be unable to take the matter significantly further”, the South China Sea issue got only a “passing mention” during the ARF meeting.<sup>273</sup> By concluding the forum, the meeting, in a broad sense, encouraged the claimants to seek solutions by peaceful means in accordance with international law in general and with the UNCLOS of 1982 in particular.<sup>274</sup> China’s new law, without doubt, had strengthened its claim on the disputed region, which is based on historical grounds.

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<sup>269</sup> “China to Continue Cooperation with ASEAN: Vice-FM,” *Xinhua News Agency – CEIS*, July 22, 1996; “Minister Says China Will Continue to Work for Sino-ASEAN Cooperation,” *BBC Monitoring Service: Asia-Pacific*, July 23, 1996.

<sup>270</sup> “China Defends Claim to Islands in South China Sea,” *Japan Economic Newswire*, July 23, 1996; “China Stands Firm on Demarcation of Parcel Baselines,” *The Straits Times*, July 23, 1996; “Chinese Spokesman Defends Territorial Claim to Parcel Islands,” *BBC Monitoring Service: Asia-Pacific*, July 24, 1996.

<sup>271</sup> “China, ASEAN Claimants Agree to Talk on Beijing’s New Sea Border,” *Agence France-Presse*, July 24, 1996.

<sup>272</sup> “China Calls for Joint Development of Disputed Islands,” *Emerging Markets Report*, July 23, 1996; “China Urges Joint Development in South China Sea,” *Reuters News*, July 23, 1996; “ASEAN Security Forum—China Calls for Co-development of Disputed Sea,” *Bangkok Post*, July 24, 1996, 6.

<sup>273</sup> “South China Sea Solution not on the Horizon,” *Agence France-Presse*, July 24, 1996.

<sup>274</sup> ASEAN Secretariat, “Chairman’s Statement of the Third ASEAN Regional Forum,” *ASEAN Regional Forum: Documents Series 1994 – 2002*, 33.



As such, China's multilateral maneuvers had been successful in strengthening its legal claims while appeasing the ASEAN members.

During the meeting, China volunteered to co-host the second ISG on CBMs in Beijing in the following year. In accordance with the agreement, China shared with the Philippines leadership of a March ARF-ISG on CBMs in Beijing in 1997. During the ISG, the participants emphasized the importance of ensuring stability in the South China Sea region. The meeting encouraged the efforts for a peaceful solution to the disputes.<sup>275</sup> The Philippines took this opportunity to raise a discussion on the Mischief Reef incident and also initiated the proposal to endorse a 1992 ASEAN document calling for peaceful resolution to territorial disputes in the South China Sea. However, ARF members' attention had been drawn to the confidence-building exercises offered by China to visit the barracks of the PLA division. Thus, Philippines' proposal received no active response from the ISG.<sup>276</sup>

Philippines' proposal again encountered obstacles later at the Fourth ARF meeting in July 1997. A senior ASEAN official said there was hardly any discussion on the South China Sea issue. "It's relatively bland, and it seems it's not the flavor of the month."<sup>277</sup> The flavor of the month was the Cambodian leadership crisis, together with the human rights issue in Myanmar. Thus, without specific discussion over the territorial disputes, Foreign

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<sup>275</sup> ASEAN Secretariat, "Summary Report of the ASEAN Regional Forum Inter-sessional Support Group on Confidence Building Measures, Beijing, China, 6-8 March, 1997," *ASEAN Regional Forum: Documents Series 1994 – 2002*, 88.

<sup>276</sup> "ARF Cool to Proposal to Endorse S. China Sea Declaration," *Japan Economic Newswire*, March 10, 1997.

<sup>277</sup> "Philippines Seeks Chinese Withdrawal from Mischief Reef," *Japan Economic Newswire*, July 27, 1997.

Minister Datuk Seri Abdullah Ahmad Badawi, in his chairman statement of the Fourth ARF, just touched the issue of the South China Sea conflicts and “welcomed the efforts by countries concerned to seek solutions by peaceful means in accordance with international law, the UNCLOS, and the exercise of self restraint, in the interest of maintaining peace and stability in the region”.<sup>278</sup> In response, China's Foreign Ministry spokesman Cui Tiankai reiterated China’s stance of resolving the conflicts through peaceful consultations and asking for joint development with countries concerned.<sup>279</sup>

The Fifth ARF meeting was held in Manila in July 1998. The nuclear tests by India and Pakistan in May took center stage at the meeting.<sup>280</sup> Another issue was the East Asian Financial Crisis. From ASEAN’s perspective, China had changed its image from a threatening power to a rock of financial stability. China was widely praised for its steadfast commitment not to devalue its currency.<sup>281</sup>

China reiterated its preference for the settlement of disputes, alluding to the South China Sea conflicts, with its neighboring countries through friendly consultation and negotiation.<sup>282</sup> During the talks with the Philippines’ counterpart, China's Foreign Minister Tang Jiaxuan reaffirmed the claims of the region but also assured “that the Mischief Reef facilities are really only for weather purposes and that in an appropriate

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<sup>278</sup> ASEAN Secretariat, “Chairman’s Statement of the Fourth ASEAN Regional Forum,” *ASEAN Regional Forum : Documents Series 1994 – 2002*, 70.

<sup>279</sup> “Territorial Claims Must be Solved Peacefully—ARF,” *Business Times*, July 28, 1997.

<sup>280</sup> “ARF Ministers Begin Arriving for Dialogue,” *Japan Economic Newswire*, July 26, 1998.

<sup>281</sup> “China Moves from Threatening Power to Economic Rock before ASEAN,” *Agence France-Presse*, July 17, 1998; “Philippines President Gives Keynote Address at Regional Forum Meeting,” *BBC Monitoring Service: Asia-Pacific*, July 27, 1998.

<sup>282</sup> “Chinese Minister Links Security, Economic Prosperity at Forum,” *BBC Monitoring Service: Asia-Pacific*, July 28, 1998.

time in the future, they will make these facilities available and also open to Philippine fishermen”.<sup>283</sup> The forum expressed satisfaction on the positive contributions made by the bilateral consultations between the countries concerned and encouraged the continued exercise of self-restraint by all the countries concerned for the peaceful settlement of the dispute on the South China Sea.<sup>284</sup>

However, tension had been raised again as China expanded its structure on Mischief Reef in the Spratlys.<sup>285</sup> China clarified that the structure was a fishermen’s shelter but the Philippines doubted it.<sup>286</sup> Consequently, the Philippines immediate strategy was to get international support through the ARF and isolate China.<sup>287</sup> However, its proposal did not receive much active response from the ASEAN member states. Malaysia's Foreign Minister Syed Hamid Albar, considering China’s repeated objections, expressed that “there is no instability in the area” and the issue would not be on the agenda of the ARF in Singapore in July 1999.<sup>288</sup> Consistently, China opposed the internationalization of the regional disputes and stated, “The dispute over the *Nansha* (Spratly) islands should be resolved through peaceful means, between the relevant parties sitting together... China is not in favor of the intervention of other countries”.<sup>289</sup>

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<sup>283</sup> “China Hints at Access to Disputed Spratly Reef,” *Agence France-Presse*, July 30, 1998.

<sup>284</sup> ASEAN Secretariat, “Chairman’s Statement of the Fifth ASEAN Regional Forum,” *ASEAN Regional Forum: Documents Series 1994 – 2002*, 132.

<sup>285</sup> Malaysia and Vietnam have also recently built or enlarged structures on the islands to reinforce their territorial claims.

<sup>286</sup> “Philippines to Raise Spratlys Dispute at International Meets,” *Agence France-Presse*, January 21, 1999.

<sup>287</sup> “RP May Opt for China Isolation over Spratlys,” *Manila Standard*, January 24, 1999.

<sup>288</sup> “Spratlys Off ASEAN Regional Forum Agenda,” *Japan Economic Newswire*, July 14, 1999; “Malaysia Says South China Sea is no Time Bomb,” *Agence France-Presse*, July 14, 1999; “KL Denies Scuppering Plan to Include China in Spratlys Talks,” *Business Times*, July 22, 1999, 18.

<sup>289</sup> “China Says Spratlys Disputes Should be Resolved Bilaterally,” *Agence France-Presse*, July 15, 1999; “Spokeswoman on Sino-ASEAN Ties, Spratlys,” *BBC Monitoring Asia Pacific – Political*, July 15, 1999; “China Says Won’t Discuss Spratlys at ASEAN Meet,” *Reuters News*, July 15, 1999.

Besides, the Philippines proposed a draft on the Regional Code of Conduct in the South China Sea to be discussed at the next Sixth ARF meeting. The draft, directly in response to tensions in the Mischief Reef, called for a pledge from the claimants to undertake no new construction or expansion of structures in the South China Sea. The draft of code was agreed by ASEAN officials to be presented at the ARF meeting, although Malaysia, which was suspected by its ASEAN members of having “cut a deal on the side with China over the Spratly islands”, had some reservations about the draft.<sup>290</sup> However, China reacted coolly to the proposed code of conduct, considering the Sino-ASEAN 1997 joint statement as the genuine, highest-level political code of conduct.<sup>291</sup> In order to make the draft code more acceptable to China, Manila had to amend the code of conduct by allowing the construction of new permanent structures in the disputed islands.<sup>292</sup>

The code of conduct was inevitably raised by the Philippines during the Sixth ARF meeting. Concerning the possible intervention by the major powers, such as the United States and Japan, China expressed its opposition to the discussion of the draft code. As the Philippines had shown its concession by amending the draft, China indicated that it was “prepared to discuss” the proposal.<sup>293</sup> However, the ARF was not the ideal place for discussion. Instead, China would elaborate its position during the post-ministerial

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<sup>290</sup> “Philippines Drafts Code of Conduct for South China Sea,” *Japan Economic Newswire*, May 8, 1999; “ASEAN Considers Draft Code of Conduct for S. China Sea,” *Japan Economic Newswire*, July 20, 1999; “Southeast Asian Deal on Spratlys Scuppered-Sources,” *Reuters News*, July 20, 1999.

<sup>291</sup> “China Cool to ASEAN Spratlys Code,” *The Nation (Thailand)*, July 8, 1999.

<sup>292</sup> “Philippines Amends Draft Code to Allow Construction on Disputed Spratly Islands,” *BBC Monitoring Asia Pacific - Political*, July 21, 1999.

<sup>293</sup> “ASEAN Security Forum Warns of Escalation of South China Sea Tensions,” *Agence France-Presse*, July 26, 1999.

conference session only between China and the ten ASEAN members.<sup>294</sup> China's opinion was echoed by some of the ASEAN countries that were irked when the United States raised the South China Sea issue during the meeting. The U.S. initiation was considered a direct violation of the wishes of ASEAN and China that the talks should only involve claimants but not outsiders.<sup>295</sup> In the end, the ministers noted in the statement that "some ARF countries were concerned that there could be increased tensions", alluded to the recent expansion of structure on the Mischief Reef, and that further discussion would be needed for completing the code of conduct in promoting peace in the South China Sea.<sup>296</sup>

The Seventh ARF meeting was held in Bangkok in July 2000. The issues related to the North Korea's participation in the regional forum took the center-stage in the meeting, leaving the South China Sea dispute to be mentioned.

China was quite uncomfortable when other countries tried to raise the issue of disputed islands in the South China Sea.<sup>297</sup> China reaffirmed its stance that the tension was not being built in the region. China was also engaged in framing a common code of conduct with the other disputants aimed at preventing the escalation of tensions. "Notable progress has been made" and the code was expected to be signed by the end of 2000. Thai Foreign Minister Surin Pitsuwan expressed his satisfaction with the easing of tensions in the area following efforts to establish a more frequent dialogue between the

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<sup>294</sup> "China Rejects ASEAN 'Code of Conduct' for Spratlys," *Japan Economic Newswire*, July 26, 1999; "Support for Code of Conduct on S. China Sea," *The Straits Times*, July 27, 1999.

<sup>295</sup> "US Discusses Spratlys Issue, Irks Claimants," *The New Straits Times*, July 27, 1999.

<sup>296</sup> ASEAN Secretariat, "Chairman's Statement of the Sixth ASEAN Regional Forum," *ASEAN Regional Forum: Documents Series 1994 – 2002*, 194.

<sup>297</sup> "China Bridles at Spratlys Being Raised at Security Forum," *Dow Jones International News*, July 27, 2000.

claimants.<sup>298</sup> As such, any initiation of the South China Sea dispute within the ARF, from China's perspective, seemed inappropriate and should be rebuked. In the end, the forum expressed the willingness to exercise self-restraint by all countries concerned and the promotion of confidence building measures in the area, and welcomed their commitment to resolve disputes by peaceful means in accordance with the recognized principles of international law, including the UNCLOS, as well as to ensuring the freedom of navigation in this area.<sup>299</sup>

The Eighth ASEAN Regional Forum was held in Hanoi in July 2001. Discussions on the code of conduct in the South China Sea, along with other Asia-Pacific security issues, occupied the center-stage of the meeting.<sup>300</sup>

In preparation for the discussion of the code of conduct in the ARF meeting, the Philippines circulated a new draft of the code among the ASEAN members. The draft would cover the Spratly Islands but refused Vietnam's demand for including the Parcel Islands that was physically controlled by China. In addition, the draft dropped any reference to geographic boundaries in a bid to make it more acceptable to the other disputants, especially China.<sup>301</sup>

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<sup>298</sup> "ASEAN, China Hope to Sign South China Sea Code of Conduct This Year," *Agence France-Presse*, July 28, 2000.

<sup>299</sup> ASEAN Secretariat, "Chairman's Statement of the Seventh ASEAN Regional Forum," *ASEAN Regional Forum: Documents Series 1994 – 2002*, 256.

<sup>300</sup> "Miscellaneous-8<sup>th</sup> ARF Concludes," *Vietnam News Brief Service*, July 26, 2001.

<sup>301</sup> "ASEAN Foreign Ministers Urge Speedy Completion of South China Sea Code," *Agence France-Presse*, July 23, 2001.

During the meeting, China's Foreign Minister reemphasized its priority of maintaining the surrounding environment of good neighborliness and friendship.<sup>302</sup> The code of conduct was discussed among the participants. Although the completion of the draft was affected by the lack of consensus, the ministers had expressed their satisfaction that progress had been made in adopting the code to avoid armed clashes over territorial disputes in the South China Sea.<sup>303</sup> The forum concluded by encouraging the further consultation between ASEAN and China to develop the code of conduct for the peaceful settlement of disputes in the South China Sea.<sup>304</sup>

Through the review of China's participation in the ASEAN Regional Forum from 1994 to 2001, the conclusion can be reached that China showed its intention of dominating the discussions related to the South China Sea conflicts within the series of multilateral meetings. The format and pace of the security talks had been redirected in China's favor.

As it was mentioned earlier in this chapter, China's concession of allowing the South China Sea talks in the formal multilateral forum was to maintain regional stability for national development. Meanwhile, the multilateral talks were used to help in establishing its regional order of "Sovereignty is mine, postpone disputes, exploit the resources for mutual benefit".

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<sup>302</sup> "China Poses No Threat to Asia-Pacific—Foreign Minister Tang Jiaxuan," *BBC Monitoring Asia Pacific - Political*, July 25, 2001.

<sup>303</sup> "ASEAN Regional Forum-High Marks for Security Talks," *The Nation (Thailand)*, July 28, 2001.

<sup>304</sup> ASEAN Secretariat, "Chairman's Statement of the Eighth ASEAN Regional Forum," *ASEAN Regional Forum: Documents Series 1994 – 2002*, 302.

Firstly, China's ARF delegates never loosened their stance in defending their claims over the South China Sea areas. On the contrary, a series of actions during the 1990s had strengthened China's claims in the region. The Mischief Reef incident in 1995 and further expansion of the structures in 1998 had provided China with a foothold deep inside the Spratlys. China's new law on its maritime borders also provided a legalistic support to its claims on the region that heretofore had been based on historical grounds. China's move, without doubt, raised concern among its weaker neighbors. However, China had been successful in appeasing them by using the ARF meetings. From China's perspective, the situation in the South China Sea throughout the whole 1990s was stable. The conflicts between China and other claimants did not prevent the improvement of bilateral relations with respective countries, especially in economic terms.<sup>305</sup>

Secondly, multilateral talks on the South China Sea disputes within the ARF bore the mark of Chinese needs and intents. China showed its reluctance of including security discussions in the ARF agenda. Although the security discussions of the South China Sea conflicts had been highlighted in the past ARF meetings, the leading role had been played by China, not ASEAN.<sup>306</sup> One important reason was the disunity of ASEAN. Each ASEAN member had to strike a balance between its individual bilateral relationship with China and ASEAN solidarity on the South China Sea disputes.<sup>307</sup> Under unremitting

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<sup>305</sup> *The People's Daily*, July 22, 1996.

<sup>306</sup> Kavi Chongkittavorn, *ASEAN Needs to Chart Clearer Path for ARF*, June 2, 1997 [cited August 20, 2005], available from the website:  
<http://www.burmalibrary.org/reg.burma/archives/199706/msg00041.html>

<sup>307</sup> Daojiong Zha and Mark J Valencia, "Mischief Reef: Geopolitics and Implications," *Journal of Contemporary Asia*, January 1, 2001, 86-103.



pressure from China, a divergence of views on the disputes emerged within the group.<sup>308</sup> Consequently, the Philippines always felt betrayed by its ASEAN fellows within the forum as its initiatives could not get enough support from them. Another reason was the institutional weakness of the ARF. As ASEAN is the chairman of the forum, the norms mainly follow ASEAN's practice that "decisions of the ARF shall be made through consensus after careful and extensive consultations among all participants".<sup>309</sup> This serves China's interest in resolving the South China Sea conflicts. By opposing any adversarial initiative, the process of conflict resolution could move at a pace comfortable to China. Thus, Chinese Defense Minister lauded the ARF model by stating, "We appreciate and support the approach by most ARF countries in solving security issues through dialogue and consultation... We will continue our efforts as always".<sup>310</sup> It implied that China had been quite confident in talking with ASEAN countries at the multilateral forum. As ASEAN was afraid of confronting China on the South China Sea issues at the forum, China could easily silence any protest from the claimants.

Thirdly, while opposing the security discussions in the multilateral forum, China was eager for cooperative projects with the South China Sea disputants. China had always expressed its stance of shelving the disputes while going for joint development pending a solution and hoped that its partners would gradually develop consensus among the forum members. In order to show its sincerity for cooperation, China was active in promoting

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<sup>308</sup> Tim Huxley, *Insecurity in the ASEAN Region* (London: Royal United Services Institute for Defense Studies, 1993), 34.

<sup>309</sup> ASEAN Secretariat, "Chairman's Statement of the Second ASEAN Regional Forum," *ASEAN Regional Forum: Documents Series 1994 – 2002*, 10.

<sup>310</sup> "China Lauds ASEAN-Based Security Body's Role," *BBC Monitoring Asia Pacific - Political*, September 6, 2000.

Confidence Building Measures in the region and had started to release the Defense White Paper since 1996 to promote military transparency. As the time was limited for the discussion of the South China Sea issues in the ARF agenda, little progress had been made on technical cooperation. Yet China's proposal was acceptable to the other claimants and had been explored in the MPCSCS that was the regional informal multilateral mechanism.

The last strategy was to forestall any attempt by the outsiders, especially the United States and Japan, to intervene in the South China Sea disputes. Unlike the MPCSCS, the ARF included not only regional claimants but also major global powers. The forum provided an opportunity for distant powers to express their concerns on the regional affairs. Any open discussion would probably induce the intervention from outsiders. As China's concession of multilateral talk on the South China Sea conflicts was in a bit to gain the dominant role within the discussion group, any external influence would undermine China's strategy.

As such, China's first step was to object to any political and security discussion on the South China Sea disputes in the ARF agenda. China's delegates had grabbed every opportunity to express their stance that the ARF was not right place to talk about the South China Sea conflicts. However, initiatives were inevitably raised during the meeting when the regional tension was escalated. Then the second step was to assure the United States that China would respect the freedom of navigation in the region during the multilateral forum. As the sea lane for transportation of oil and gas was vital for the

United States and its allies. China's promise to keep the regional peace and stability would prevent the U.S. direct intervention. The facts bear out the effectiveness of the strategy.

China's stance was clear and acceptable to most ASEAN members. They shared the angst that any involvement of non-regional actors would complicate the issue and the outside powers could use the involvement as the pretext for interfering in regional affairs.

Fearing the intervention of the outsiders, the regional code of conduct in the South China Sea was finally signed between China and ASEAN at the end of the sixth China-ASEAN Summit (10+1), rather than the ARF, in November 2002. The declaration was considered the first political document concluded between China and ASEAN over the South China Sea issue. The two parties also reiterated their commitment to promoting a 21st-century oriented partnership of good neighborliness and mutual trust, and to enhance cooperation in the region.<sup>311</sup>

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<sup>311</sup> "China, ASEAN Sign First-ever Agreement on South China Sea Conduct Code," *BBC Monitoring Newsfile*, November 5, 2002.

## CONCLUSION AND POLICY IMPLICATIONS

### 1. CONCLUSION

The dispute over sovereignty rights in the South China Sea remained a major security issue of mutual concern. ASEAN members, whatever their fears and hopes, felt there was no alternative but to engage China. Through the habit of dialogue in the multilateral setups since 1990, China had been gradually realizing that ASEAN was not a Western inspired grouping inimical to China's interests. As China agreed to talk about the political and security issues within constructive multilateral mechanisms with the Southeast Asian disputants, the South China Sea issues had been explored in both regional informal workshop and international formal forum.

The case studies fit well with Singh's analysis about great power's multilateral maneuvers in international organizations. According to Singh, a great power always grabs the dominant status

1. By sowing the seeds of self-introspection and raising doubts about its own intrinsic worth and fundamental values on which it has been built up. This may be done with a view to replacing an existing agenda with a new one.
2. By controlling who may or may not join its membership.
3. By capturing its leadership or controlling those who are its leaders.
4. By controlling the pace at which the given organization proceeds.

5. When all else fails, initiating parallel organization/s which serve the same function but are more pliable and subserve its interest more closely.<sup>312</sup>

Although the creation of both the MPCSCS and the ARF was neither initiated nor preferred by China at the beginning, China has in the course of participation gradually redirected the multilateral discussions to its favored track. As China was not powerful enough, its behavior within the multilateral frameworks, to a large extent, was seen as trying to replace the existing agenda and to control the membership and the pace of process.

In the case of the MPCSCS, any sovereignty and jurisdictional discussion about the territorial disputes had been set aside as per China's request since the Fifth Workshop. While shelving the territorial dispute, the workshop redefined its focal point on promoting the technical cooperative projects for joint development. The pace for implementing the agreed proposal was also controlled by China. Besides, the issues of inviting non-South China Sea actors and formalizing the workshop were ignored in the meetings. By preventing distant powers from interfering in regional affairs, China could enjoy its "great power" status within the workshop. It was not difficult for China to oppose any adversarial initiative from the meeting. Only China's preferred idea could be agreed as a consensus. By opposing the formalization, China could prevent Taiwan from gaining equal status with the other independent political entities.

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<sup>312</sup> Udai Bhanu Singh, *ASEAN regional forum and security of the Asia-Pacific*, 59.

Unlike the MPCSCS, the ARF was not a special forum for solving the South China Sea conflicts. The ARF agenda covered all the security issues in the entire Asia-Pacific area and involved most countries in the region. It was quite difficult for China to dominate the South China Sea discussion within the group. As such, China objected to any political and security discussion on the South China Sea dispute in the ARF agenda while expressing its sincerity for joint development in the disputed areas. China has been successful in consoling ASEAN nations and preventing any unified protest, in response to China's unilateral actions, from them. In order to avoid any intervention from outsiders, especially the United States, China grabbed every opportunity to show its respect of the freedom of navigation in the region within the forum. So far, China has been quite successful in handling the South China Sea issues within the formal multilateral forum.

China owes its multilateral success largely to its growing economic capabilities. China has maintained excellent economic ties with Southeast Asian nations for the purpose of strengthening its strategic, political and diplomatic influence in the region. China contributed more than US\$ 4 billion to the affected countries during the East Asian Financial Crisis. Its promise of not devaluating the *Yuan* helped it win fame as a rock for regional stability. Otherwise, China's bilateral trade with ASEAN grows dramatically. China has overtaken Japan as East Asia's main regional export partner since 2003 and will replace the EU to become the region's largest export market within the next few years.<sup>313</sup> China has even emerged as a source of regional investment.<sup>314</sup>

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<sup>313</sup> "As China Takes Center Stage, Bit Players Must Wait For Script to Unfold," *The Age*, October 19, 2005, First, 9.

Because they gained benefits through improved bilateral relations with China, ASEAN members were quite hesitant to support ASEAN solidarity on confronting China. In face of China's unilateral actions in the region, ASEAN countries expressed their serious concerns. However, ASEAN, as a group, had always refrained from public articulation for fear of provoking China. Instead, they preferred "quiet diplomacy" with the purpose of convincing the Chinese to solve the territorial disputes without the use of force. It provided more room for China to practice its strategies in the multilateral mechanisms.

Exploring the cases of the MPCSCS and the ARF does not imply that the South China Sea disputes are discussed only within these two multilateral mechanisms. Multilateral setups that touch this issue also include the Council for Security Cooperation in the Asia-Pacific (CSCAP), the Foreign Ministers' Meeting of ASEAN-China, Japan, South Korea (10+3), the Foreign Ministers' Meeting of Post Ministerial Conferences (PMC) with ASEAN dialogue partners, ASEAN-China Dialogue Meeting (10+1) and so on.

As China insisted that it would only negotiate with the claimants, it placed more emphasis on its multilateral discussions exclusively with ASEAN members. The first chance China talked with its ASEAN in a regional formal multilateral setup was in 1991. Chinese Foreign Minister Qian Qichen was invited by his Malaysian counterpart and the host to attend the 24<sup>th</sup> ASEAN Ministerial Meeting (AMM) as a guest. As it was the

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<sup>314</sup> China invests in Indonesia's natural gas, in Malaysia's palm oil, in Philippine infrastructure and in Singapore's services sector. It also supports the building of a network of rail, highway and navigation links in the Mekong Delta. It has committed to support infrastructure building in the BIMP-EAGA (Brunei-Indonesia-Malaysia-Philippines Early Growth Area) region. See "Philippine Foreign Secretary Praises China Ties," *BBC Monitoring Asia Pacific*, October 22, 2005.

debut for China on formal Sino-ASEAN multilateral stage, ASEAN was afraid of discouraging China's participation in the dialogue by talking about some sensitive issues. As a result, the territorial disputes in the South China Sea were not raised during the meeting. Meanwhile, China did not want the territorial disputes to be internationalized and was quite satisfied with ASEAN's consideration. However, in the 25<sup>th</sup> AMM in 1992, Vietnam, as an observer, initiated the proposal to talk about the South China Sea issues. As a response, China reiterated its stance and kept the disputes silent in such a formal multilateral dialogue.

The first formal multilateral talk on the South China Sea conflicts took place not at the Second ARF meeting but at the first ASEAN-China Senior Officials Meeting (SOM) in Hangzhou in April 1995. Tang Jiaxuan, China's chief representative, initiated the talk on the South China Sea issue after the meeting. He reemphasized China's "indisputable" claims in the region in the wake of the Mischief Reef incident while appeasing its ASEAN fellow members. The South China Sea issue later became an item on the agenda of the annual meetings at the third ASEAN-China (SOM) in Huangshan in April 1997.<sup>315</sup> The South China Sea issue was also discussed in ASEAN-China Dialogue Meeting and ASEAN-China Summit.

China, however, reaffirmed that no discussion on territorial and sovereignty issues was allowed in the ASEAN-China meetings.<sup>316</sup> Although the ASEAN states have been able to form a consensus on the need to act collectively to press China to accept political and

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<sup>315</sup> *The Straits Times*, April 18, 1997.

<sup>316</sup> *Lianhe Zaobao*, April 18, 1997.



security discussions in multilateral dialogues,<sup>317</sup> the unity was not concrete as each member had its own interest in dealing with its relations with China. China's stance was quite clear that it was interested in developing relations with ASEAN and would not allow the dispute to plague such development. Consequently, a statement was made between China and ASEAN agreeing "not to allow existing differences to hamper the development of friendly relations and cooperation".<sup>318</sup> Basing on this statement, China gradually steered the various ASEAN-China multilateral meetings to exclude the discussions on territorial and sovereignty disputes. Instead, it actively promoted technical cooperative projects within the ASEAN-China setups.

As the ARF was the highest level of formal multilateral mechanism in the region, the purpose of making progress at the ASEAN-China multilateral meetings was essentially to help the ARF. However, China felt more comfortable talking about the South China Sea issues within various ASEAN-China meetings. Being aware of the intervention from the outsiders, the regional code of conduct in the South China Sea was finally signed between China and ASEAN at the end of the sixth ASEAN-China Summit (10+1), rather than the ARF, in November 2002. The declaration on conduct was considered the first time that China had accepted a multilateral agreement over the issues.<sup>319</sup> As such, various ASEAN-China meetings are expected to contribute more for publicizing China's regional orders in the foreseeable future.

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<sup>317</sup> Craig A. Snyder, "Building Multilateral Security Cooperation in the South China Sea," 27.

<sup>318</sup> For details of the joint statement, see *BBC Summary of World Broadcast, Part 3: Asia-Pacific*, December 18, 1997.

<sup>319</sup> Leszek Buszynski, "ASEAN, the Declaration on Conduct, and the South China Sea," *Contemporary Southeast Asia*, Vol.25, No.3 (2003), 343.

While embracing the multilateral mechanisms in solving conflicts in the region, China still emphasized the importance of bilateral talks. From the realist point of view, negotiating through a bilateral means could help China maintain the size and power advantage it possesses. China, being a position of strength, essentially gets more room to negotiate within the bilateral talk. Meanwhile, given the multilateral nature of the most territorial disputes, it would be quite difficult to work out proposals agreed by all the claimants. Accordingly, the progress of taking any concrete action of joint exploration would be very slow. Taking the settlement of the *Beibu* Gulf (Tonkin Gulf) demarcation line between China and Vietnam as an example, China's scholars agreed that bilateral talks, instead of multilateral talks, contribute more to solve the complicated territorial dispute.<sup>320</sup>

Consequently, China has conducted bilateral consultations with the Southeast Asian claimants respectively. For instance, China and Vietnam have agreed to "high level" talks to discuss joint development in the South China Sea area and resolve their conflicting territorial claims.<sup>321</sup> China's bilateral relations with Malaysia also improved steadily. Malaysia preferred to see China as a friend and partner in pursuit of peace and prosperity for the region. In return, China rewarded Malaysia with friendly bilateral talks on the issues and assurances that China would never act physically against Malaysian forces.<sup>322</sup> Besides, China and the Philippines signed a joint statement on the maintenance of peace

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<sup>320</sup> "Solve Disputes Through Dialogue," *China Daily*, March 24, 2005.

<sup>321</sup> *The Nations*, July 23, 1994.

<sup>322</sup> Frank Ching. "Malaysia charts China course." *Far Eastern Economic Review*, February 23, 1995, 32.

and stability in the South China Sea. They agreed to promote a peaceful settlement of dispute through bilateral friendly consultations and negotiations.<sup>323</sup>

However, because of the multilateral nature of the territorial dispute, a bilateral approach would not be effective in achieving China's desired outcome. On September 2, 2004, China and the Philippines signed the joint oil and gas research deal in Beijing. China commented that the agreement was the landmark for regional conflict resolution. It implied that China's proposal of "joint development" could be accepted by the other territorial claimants. However, the proposal should be agreed by all the claimants because the territory dispute is essentially multilateral rather than bilateral. After the release of the news, Vietnamese government spokesman Le Dzung expressed deep concern on the agreement because the deal did not consult the other concerned parties.<sup>324</sup>

Thus, multilateralism is considered necessarily "complementary" to China's South China Sea policy.<sup>325</sup> Thanks to the effort through both multilateral and bilateral means, the breakthrough for joint development in the disputed areas has been reached by the Philippines, China and Vietnam. Recognizing the prerequisite of maintaining their respective positions with regard to the South China Sea issue, the three countries signed the "Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area

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<sup>323</sup> "China, Philippines Sign Statement-Agree to Follow Procedures on South China Sea," *BBC Monitoring Asia Pacific - Political*, 16 May 2000.

<sup>324</sup> *Vietnam Concerned over China – Philippines Spratly Oil Deal*, Foreign affairs, October 9, 2004, Embassy of the Socialist Republic of Vietnam in the United States of American, [cited August 5, 2005], available from: <http://www.vietnamembassy-usa.org/news/newssitem.php3?datestamp=20040910110040>.

<sup>325</sup> Kuik Cheng-Chwee, "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristic, and Aspiration," *Contemporary Southeast Asia*, Vol. 27, No.1 (2005)

in the South China Sea” in March 2005.<sup>326</sup> Then the first joint project was launched in August by the respective national oil companies of the three countries.<sup>327</sup> China’s President Hu expressed, “the Chinese side will continue to make joint efforts with the other two parties to ensure a successful exploitation of the South China Sea”.<sup>328</sup> The implementation of the agreement would set a good model that other countries could follow, in terms of setting aside political dispute to work together in attaining peace, stability and development within the region. In the words of the Philippines President Gloria, the South China Sea region could unite rather than divide.<sup>329</sup>

To sum up, China has been successful in taking unilateral actions for strengthening its regional presence while consoling Southeast Asian disputants through multilateral means. Besides, both bilateral and multilateral approaches have proved effective in publicizing China’s preferred order. China, once reluctant to multilateralism, began to realize the merits of participating in the multilateral frameworks. Unilateralism and bilateralism are the traditional means of China’s foreign policy towards the South China Sea conflicts. Since 1990, multilateralism has become the necessary complementarity. They serve the same ends of establishing the regional hegemonic stability.

## 2. POLICY IMPLICATIONS

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<sup>326</sup> “Vietnam, China, Philippines Sign Marine Survey Agreement,” *BBC Monitoring Asia Pacific*, March 15, 2005.

<sup>327</sup> “China, Philippines, Vietnam Launch Joint Project in South China Sea Area,” *BBC Monitoring Asia Pacific*, August 27, 2005.

<sup>328</sup> “Chinese, Philippines Presidents Agree to Boost Strategic Cooperation,” *BBC Monitoring Asia Pacific*, September 14, 2005.

<sup>329</sup> *Manila Bulletin*, March 21, 2005.

By reviewing China's multilateral play in the region from 1990 to 2001, I can conclude that China was trying to publicize its norms in the multilateral talks with the purpose of building up its hegemonic stability in the South China Sea region. The resulting multilateral progress has been redirected under China's favored terms. However, since the September 11th of 2001, the U.S. interests have been drawn back to the region due to terrorist concerns. The U.S. intention beneath the surface-level statement was quite suspected by the regional actors. Starting from a neo-realist standpoint, states in general aim "to maximize their relative power position over the other states".<sup>330</sup> Accordingly, it does not necessarily mean that the United States, as a status quo power, is benign or responsible, while China, willing to build up its hegemonic order in the region, is assertive or irresponsible. As such, ASEAN countries have come to a crossroads regarding how to react to a rising China. A number of policy implications follow directly from the analysis of China's multilateral maneuver in solving the South China Sea conflicts.

Assuming that China keeps rising, the possibility cannot be neglected that ASEAN could jump on the bandwagon with it. According to the multiple hierarchy model, regional power pursues the dominant status within its regional hierarchy. It can establish and maintain the regional order. However, the regional dominant state is subject to the global power's intervention although the global power seldom interfere regional affairs. ASEAN had perceived China, together with the United States and Japan, as the major power in the region. There even exists a growing feeling within ASEAN that China will, in the next 20

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<sup>330</sup> John Mearsheimer, "The False Promise of International Institutions," in *The Perils of Anarchy: Contemporary Realism and International Security*, eds. Michael E. Brown and all (Massachusetts: The MIT Press, 1995), 338.

years or so, seriously challenges, if not supplant, the U.S. dominance in the South China Sea area.<sup>331</sup> In face of the growing giant, the U.S. Secretary of State Warren Christopher expressed, “no nation would play a greater role than China in shaping the future of Asia”.<sup>332</sup> The idea was echoed by ASEAN Secretary-General Rodolfo Severino Jr who stated, “It is inevitable that China gains in strength economically and politically. The way ASEAN handles this is to form strong relationships with China. That's the only way to go”.<sup>333</sup> A consensus has been reached by all neighboring countries that China has a great role to play in the future. They would have to learn how to relate to China on regional issues.

As such, China’s proposal for solving the South China Sea conflicts in the multilateral mechanisms is expected to gain growing support from ASEAN countries. The “Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea”, which owes much to the multilateral efforts, will be a promising act for “shelving territorial disputes while exploiting the resources jointly” in the region. As China preferred, the agreement will be helpful for creating a peaceful neighboring environment. Through the long-term mutual-benefited joint cooperation between the countries concerned, a possible move will be made by the Southeast Asian disputants that they may have to implicitly or explicitly recognize China’s claims. Consequently, the final end of “Sovereignty is mine, postpone disputes, exploit the resources for mutual benefit” can be reached.

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<sup>331</sup> Goh and Acharya: “The ASEAN Regional Forum and US-China Relations,” 2.

<sup>332</sup> “South China Sea Solution not on the Horizon,” *Agence France-Presse*, July 24, 1996.

<sup>333</sup> “ASEAN Must Get Its Act Together vis-à-vis China,” *The Business Times*, July 24, 2001.

If the South China Sea disputants and the other Southeast Asian countries finally choose to accept China's regional rules and ally with China, this bandwagon act would herald the formation of regional hierarchy. China could enjoy being respected as the nominal owner of the South China Sea. In response, China will provide an agreement of joint exploitation of the South China Sea resources as the public goods to the secondary states. In addition, China will give a military support to keep the regional peace and prosperity.

Once fully in control of the South China Sea, China can extend its military presence in the maritime heart of Southeast Asia that would throw a light on the future dominance over the region. The South China Sea could be a landmark for China's breakthrough of the U.S. "crescent" containment system and serves as a strategic point in China's "Pearl line". It would provide an opportunity for China to access the Indian Ocean and the Pacific Ocean.

However, other options still exist for ASEAN countries to choose regarding how to deal with a rising China. One is to join the U.S.-led group of containment. However, the main stream of ASEAN's policy towards China during the late 20<sup>th</sup> century was engagement rather than containment. ASEAN preferred to talk about the South China Sea issues among the countries concerned. They were very cautious of inviting any outsider, even the United States, to the discussion table for fear of provoking China. Since the "911", the United States has shown more interests in the region. Some ASEAN countries were glad to see the return of the U.S. military presence and competed offering base facilities to the United States. One of the reasons was to secure themselves from being bullied by

the rising China. However, it does not necessarily mean that ASEAN would join the U.S. containment. Because of the human rights issue and the East Asian Financial Crisis, ASEAN has realized that the United States was not that reliable.<sup>334</sup> Taking part in the group may push themselves to the front line of anti-China camp. The regional multilateral talk will be considered by China as a function to restrain China and will undoubtedly lead to China's withdrawal. The isolated powerful China will be more dangerous to its neighboring countries.

Yet, a more possible alternative option for ASEAN is to play the balance of power in the region. During the Cold War period, ASEAN states did enjoy the U.S. protection. As ASEAN grew dramatically in economic terms, it began to aware its political power. In order to retain its greater freedom of action, ASEAN was asking for diluting its firm relation with the United States while diversifying its relations with the other regional powers. The rising China emerged as a possible choice. However, some ASEAN nations have expressed that they welcome closer ties with China but do not want to be exclusively dependent on it. They did not want to be forced to choose between China and the United States.<sup>335</sup> From their perspective, the strategy of the balance of power would help to deny any hegemon the ability to assert undue dominance in the region. Initiating the South China Sea discussion within the ARF, which includes both China and the United States, could be considered as an attempt to balance China's power through multilateral means. Being afraid of the U.S. global power, China had promised to assure

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<sup>334</sup> Joseph Y.S. Cheng, "Sino-ASEAN Relations in the Early Twenty-first Century," *Contemporary Southeast Asia*, Vol.23, No.3 (December 2001), 428.

<sup>335</sup> "China to Work with Singapore and Region to Fight Terror and Sea Piracy," *Channel NewsAsia*, October 25, 2005.



the freedom of navigation in the region. It might be regarded as the major outcome of the balance of power during the 1990s. However, such progress more likely owned to the multiple hierarchy rules between China and the United States than ASEAN's multilateral efforts. China, striving for the regional leadership, showed its respect to the U.S. fundamental interest in the region. In return, the United States, as the global hegemon, tried to avoid being involved in the specific issue directly. The American military presence in Southeast Asia would not be considered as a threat to China. Although the U.S. strategy has been suspected by regional actors since the United States returned to the region for terrorist concerns,<sup>336</sup> this paper assumes that the U.S. policy regarding the territorial disputes of the South China Sea remains consistently. Accordingly, ASEAN cannot achieve more favored results by playing with balance of power within the multilateral mechanism.

No matter which policy will be chosen by ASEAN countries concerning the South China Sea disputes, it can be expected that China will maintain defending its territorial claims of the region. In addition, having been confident in the both informal and formal multilateral setups, China will continue considering multilateralism as the effective means to publicize its preferred order in the South China Sea area with the purpose of building up the regional hegemonic stability.

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<sup>336</sup> In the May 2002 Report of the RAND Corporation that is the think tank of the US Air force advised that the United States must once "again gain access to the Philippines as staging ground to contain China and Russia fro East Asia." See Concepcion C. Asis, *The Philippine SOFA and the State of the Philippine-US security relations* [cited October 20, 2005], available from: <http://www.yonip.com/main/articles/VFA.html>.

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