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Disputes in the South China Sea: Southeast Asia's Troubled Waters

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The strategic position and economic value of hundreds of small islands in the South China Sea have provoked claims of sovereignty from most of the neighboring states. China in particular has denied all other countries' claims and adopted a position which pays little heed to international legal arrangements. In addition, China is opposing multilateral procedures which could help resolve the conflict with Japan or Vietnam, and potentially with Washington too.

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In early May 2014, the South China Sea dispute once again captured international headlines when China parked its largest and most modern oil rig, HD-981, 100 nautical miles off the Vietnamese coast and began drilling. Vietnam protested the deployment as a violation of its sovereignty; anti-China protests, peaceful at first and then violent, broke out across the country forcing China to evacuate thousands of its citizens; meanwhile, at sea Vietnamese and Chinese flagged vessels harassed and rammed each other resulting in the sinking of one Vietnamese fishing boat. The HD-981 Incident not only sparked the most serious crisis in Vietnam-China relations since the two countries resumed diplomatic relations in 1991 —and arguably since their 1979 border war— but also reinforced negative trending in the South China Sea that has been readily apparent since tensions experienced an upsurge beginning in 2008.

Together with the Sino-Japanese confrontation over sovereignty of the Senkaku/Diaoyu Islands in the East China Sea, the South China Sea dispute currently sits at the top of Asia's security agenda. Given rising levels of nationalism over ownership of the disputed atolls, more strident assertions of sovereignty by the various claimants, growing competition over maritime resources, worsening geopolitical rivalries, the rapid

modernization of regional armed forces, ineffective conflict management and the dim prospects of a settlement, maritime disputes are likely to remain the focus of attention in Asia for the foreseeable future.

This article provides a brief overview of the central aspects of the South China Sea dispute and is divided into five parts. The first part focuses on the geopolitical significance of the South China Sea and how the problem has increasingly become an area of contention between China and the United States. The article goes on to identify why tensions have been rising over the past several years. Part three looks at how the absence of political will among the claimants stands in the way of a legal or negotiated settlement. The fourth section examines how the ten member Association of Southeast Asian Nations (ASEAN) and China have attempted to better manage the dispute and why the results have been so disappointing. The final section assesses why a continuation of the status quo endangers the peace, stability and prosperity of the Asia-Pacific region and beyond.

The Geopolitical Significance of the South China Sea Dispute

At the heart of the South China Sea dispute is the question of who owns hundreds of small islands, atolls and reefs. The People's Republic of China (PRC)—and the Republic of China or Taiwan—claim sovereignty over virtually all of these geographical features based on discovery and historical usage dating back to the 2nd century BC. China's historical claims are represented on official maps by a discontinuous nine-dash line which encompasses more than 80 percent of the sea. There are two major archipelagos within that line: the Paracel Islands and the Spratly Islands.¹ In 1974 China evicted South Vietnamese troops from the Paracels, but Hanoi still maintains a sovereignty claim. Further south, the PRC/Taiwan and Vietnam claim ownership of all the Spratly Islands while Malaysia, the Philippines and Brunei claim parts of the group. Since the Second World War, all of the claimants except Brunei have occupied atolls in the Spratlys: Taiwan occupies one island, China eight, Malaysia five, the Philippines nine and Vietnam more than 20. Due to their small size, neither the Paracels nor the Spratlys have any intrinsic value in themselves. Indeed according to the 1982 United Nations Convention on the Law of the Sea (UNCLOS), many of the Spratlys features are rocks rather than islands, and thus restricted to a 12 nautical miles territorial sea. Islands, however, can generate 200 nautical miles exclusive economic zones (EEZs), and this allows their owners to harvest the lucrative bounty of the seas, such as fisheries, hydrocarbons and minerals.

1. China also claims sovereignty over the Pratas Islands group (occupied by Taiwan), Macclesfield Bank and Scarborough Shoal.

Important though sovereignty and maritime resources are, the significance of the South China Sea dispute transcends these issues for three reasons: the geographical location of the atolls; the bases of China's claims; and the unfolding role the dispute plays in the geopolitics of the Asia-Pacific region.

Located at the crossroads of South, Southeast and Northeast Asia, the South China Sea occupies a critical geographical position. The sea lanes that pass through it provide the shortest route between the Pacific and Indian Oceans and function as vital arteries of world trade and energy shipments. As a result, instability or conflict in the area could threaten the free flow of maritime commerce with serious repercussions for the global economy. While all countries in the region have a strongly vested interest in maintaining stability and secure sea lanes, as noted later, an accidental military clash at sea could put that collective interest at risk.

How this dispute is resolved has important implications for international legal norms and indeed the post-war international order. UNCLOS is often referred to as the "constitution of the seas", and as of 2014 166 parties have ratified it, including all of the South China Sea claimants except Taiwan. As noted, China indicates its claims in the South China Sea using a nine-dash line. But Beijing has never clarified what that line denotes, and how it is consistent with UNCLOS. Over the past few years, however, through words and deeds, it has become apparent that China is not only claiming sovereignty over all of the features within the line, but also so-called "historic rights" to living and non-living resources and even navigational rights. According to two Chinese legal scholars, one of whom, Gao Zhiguo, is China's judge at the International Tribunal on the Law of the Sea (ITLOS) —the judicial body established by UNCLOS to adjudicate disputes— the nine-dash line is "synonymous with a claim of sovereignty over the island groups that always belonged to China and with an additional Chinese claim of historical rights of fishing, navigation, and other marine activities (including the exploitation of resources, mineral or otherwise) on the islands and in the adjacent waters".² Few legal experts outside of China consider that Beijing's claims are congruent with UNCLOS. Many countries have called on China to clarify precisely what it is claiming and bring those claims into line with UNCLOS. However, so far China has studiously avoided doing so, perhaps because there is no consensus within China on what the nine-dash line means, or perhaps to maximize its negotiating position. Over the long-term, if Beijing is able to persuade or coerce its neighbours into accepting the historical basis of its claims,

2. Gao Z. and Jia B.B., "The Nine-Dash Line in the South China Sea: History, Status, and Implications", *The American Journal of International Law*, vol. 107, n° 95, 2013, p. 108.

this would present a challenge to existing international norms, including freedom of navigation.

The third reason why the South China Sea dispute is significant is that increasingly it has become an issue of contention between the United States and China. America does not take a position on competing claims, but as a global power it does have significant strategic and economic interests in the South China Sea. As tensions have risen since 2008, the US has become more vocal in expressing its concerns that those interests, and those of its friends and allies, are being undermined by China's assertive behaviour. And while previously the US refrained from singling out China by name, in 2014 it explicitly accused Beijing of raising tensions through unilateral and provocative behaviour and also challenged the legality of the nine-dash line.³ China rejects US criticism and instead accuses America of hypocrisy (because it has not ratified UNCLOS), "meddling" in the dispute, stirring up tensions as a pretext to "pivot" to Asia, and of using Vietnam and the Philippines as proxies.⁴ Increasingly China's actions in the maritime domain —such as seizing control of Scarborough Shoal in 2012, sending patrol ships and aircraft into the territorial waters and airspace of the Senkaku/Diaoyu Islands, declaring an Air Defence Identification Zone over the East China Sea in November 2013, and trying to prevent the Philippines from resupplying its troops on Second Thomas Shoal—are being interpreted as part of a strategy to test America's willingness to support its friends and allies, undermine its credibility and hence weaken US regional power and resolve.⁵ As such, the maritime disputes in the South China Sea are at the locus of a contestation for power, influence and even primacy in the Asia-Pacific region.

Increasing Chinese Assertiveness, Rising Tensions

Over the past few decades, tensions in the South China Sea have been cyclical. China's behaviour has been the key variable, though of course the actions of the other claimants have also been a contributory factor. But as the most powerful actor, it is China that has set the tone for the dispute. Thus in the early 1990s tensions began to rise when China became more assertive in trying to uphold its claims, but eased considerably in the first half of the 2000s when it adopted a more accommodating stance as part

3. Danny Russel, Assistant Secretary of State Bureau of East Asian and Pacific Affairs, U.S. Department of State, Before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, 5 February 2014.

4. See, for instance, "Clearing the sea of troubles", *China Daily*, 4 May 2013 and "China will not be passive in sea disputes", *Global Times*, 29 March 2013.

5. H. White, "Explaining China's behaviour in the East and South China Seas", *The Lowy Interpreter*, 22 May 2014.

of its so-called “Charm Offensive” in Southeast Asia. Since 2008, tensions have once again been on the upswing and the primary reason is renewed Chinese assertiveness.

Buoyed by its sustained economic growth, China's confidence on the world stage has been steadily growing, and the 2008 Beijing Olympics was widely seen as its coming out party as a Great Power. China's confidence was bolstered during the 2008-09 Global Financial Crisis, from which it emerged essentially unscathed. With America distracted by the economic crisis and preoccupied with its military interventions in Iraq and Afghanistan, China saw an opportunity to press home its claims. The rapid modernization of China's navy, together with the expansion of its civilian maritime enforcement agencies, have enabled Beijing to increase its presence in the South China Sea and bring coercive pressure to bear on the Southeast Asian claimants, especially the Philippines and Vietnam. China's growing thirst for energy resources and food security has also provided an additional incentive for the government to press its “historic rights” within the nine-dash line.

The new leadership under President Xi Jinping has bolstered China's new-found confidence and assertive posture in the South China Sea. The Xi government's message to its Asian neighbours is that while China remains committed to “peaceful development” it has no intention of compromising its sovereignty claims and will respond firmly to countries that challenge those claims.⁶ However, China's words of reassurance that its rise will be peaceful have been undercut by its assertive —some would argue aggressive— actions in the South China Sea over the past few years, moves which have fuelled anxiety across the region regarding Beijing's future intentions and how it intends to wield its growing economic, political and especially military power. Such fears have led some countries in the region to strengthen their strategic ties with the United States and thus facilitated America's “pivot” to Asia, which China sees as part of a policy of containment.⁷ Growing US-China competition is thus a cause and effect of rising tensions in the South China Sea and will therefore likely become a major source of contention in future bilateral relations.

Roadblocks to a Resolution

Disputes among nations are seldom insoluble. However, resolving interstate problems requires agreement among the conflicting parties on what

6. “Xi vows peaceful development while not waiving legitimate rights”, Xinhua News Agency, 29 January 2013.

7. Aming L., “China Weighty Factor in US Pivot Policy”, *Global Times*, 4 March 2013.

the nature of the problem is, and whether it should be addressed through direct negotiations or through legal arbitration. Solutions can be expedited when the parties are willing to offer concessions and reach compromises. Unfortunately these conditions render the South China Sea dispute particularly intractable. Defining the nature of the dispute is problematic because China's nine-dash line is ambiguous and incompatible with UNCLOS. Because most of the claimants were once victims of Western or Japanese colonialism, sovereignty is an ultrasensitive issue and governments must endeavour to uphold the country's sovereignty claims or else be perceived by nationalists—and the other claimants—as being weak. None of the claimants have engaged in serious bilateral discussions and legal avenues are currently closed—at least on the sovereignty issue—because Beijing eschews legal arbitration.

The International Court of Justice (ICJ) in The Hague is the only international body that could make a ruling on the ultimate sovereignty of the Paracel and Spratly Islands. Maritime disputes involving non-sovereignty issues can be adjudicated by ITLOS. Cases brought before the ICJ on matters of sovereignty require the consent of all parties. While the Philippines has indicated that it would be prepared to submit its claims to the Spratlys to the ICJ, none of the other Southeast Asian claimants have made the same offer. Most importantly, China does not, as a matter of principle, submit its border, sovereignty or maritime boundary disputes to international legal arbitration, including the ICJ and ITLOS. China's refusal to consider legal arbitration for the South China Sea dispute is predicated on two factors: severe domestic repercussions should the judicial body rule against China; and the suspicion that Western-created institutions are biased against China.

Because China refuses to give its consent, the ICJ cannot adjudicate the South China Sea dispute. How about ITLOS? In 2006, China excluded itself from compulsory arbitration procedures on matters relating to sea boundary delimitations, historic bays and titles and military activities. However, this has not prevented the Philippines from unilaterally challenging the legality of China's expansive claims at ITLOS in January 2013. The Philippines has requested ITLOS to issue an award that, *inter alia*, declares China's maritime claims based on its nine-dash line to be contrary to UNCLOS and therefore invalid.⁸ Unsurprisingly, China has refused to participate in the proceedings, and dismissed the Philippine submission as "factually flawed" and full of "false accusations".⁹ Nevertheless, the case is

8. Notification and Statement of Claim, Department of Foreign Affairs, Manila, 22 January 2013, available from: <<http://www.dfa.gov.ph/>>.

9. "China rejects Philippines' Arbitral Request: FM", Xinhua News Agency, 19 February 2013.

proceeding. An Arbitral Tribunal composed of five judges was appointed in August 2013, and in March 2014 the Philippines submitted detailed legal arguments and evidence in support of its case. China has been given until mid-December 2014 to respond to the Philippine submission, but has already reiterated that it will not participate in the proceedings.¹⁰ If the Tribunal decides that the nine-dash line is incompatible with UNCLOS, the ruling will be binding but not enforceable as ITLOS lacks enforcement measures. However, a favourable ruling for Manila would provide it with a legal and a moral victory, narrow the scope of the dispute to sovereignty of the atolls, benefit the other claimants, and put the onus on China to provide legal justification for its claims. But because China does not consider that ITLOS has jurisdiction over this case, it will almost certainly ignore the Tribunal's ruling. A decision is expected in 2015.

The UN encourages countries with disputes to resolve them through bilateral or multilateral negotiations and only revert to legal arbitration when the parties are deadlocked. It would therefore be preferable for the claimants to settle among themselves the question of sovereignty, maritime boundaries and resource rights. For a host of reasons, however, arriving at a negotiated settlement is fraught with severe difficulties. The Paracels is a bilateral dispute between China and Vietnam; however, Beijing does not recognize that a dispute exists and refuses to discuss the sovereignty question with Hanoi. And while Beijing accepts that there is a dispute over the Spratlys, it regards it as a bilateral problem that can only be resolved between China and each of the Southeast Asian claimants on a one-on-one basis (and not between the four Southeast Asian countries as a group and China). Since the early 1990s China has successfully resolved many of its land border disputes through bilateral negotiations, but for the South China Sea this approach has found little support among the Southeast Asian countries due to asymmetries in power—in other words the Southeast Asian claimants are concerned that an economically and militarily strong China would pressure them into accepting unfavourable terms. Other problems stand in the way of a negotiated settlement too. Over the past few years nearly all of the claimants have attempted to strengthen their sovereignty and jurisdictional claims through national legislation, submissions to the UN and acts of administration. Together with rising nationalist fervour over sovereignty of the islands, this has made it harder for governments to make concessions or reach compromises. An additional complication to a negotiated settlement is that it would be nearly impossible for Taiwan to participate in talks concerning sovereignty of the

10. "Beijing Rejects Arbitration Tribunal South China Sea Ruling", *Global Times*, 5 June 2014.

islands because, in accordance with the One China policy which Beijing demands as a condition of diplomatic relations, none of them recognize it as a sovereign state.

Setting aside the sovereignty issue in favour of joint development is a third possible option to resolve the dispute. In the late 1970s Chinese Premier Deng Xiaoping asserted that while sovereignty of the South China Sea atolls belonged to China, the claimants should shelve the dispute and engage in joint development. This formula has been repeated many times by China's leaders, most recently by President Xi in 2013.¹¹ Yet China has never explained in detail how joint development would work, nor suggested a framework to operationalize it. In 2011 the Philippines proposed transforming the South China Sea into a "Zone of Peace, Freedom, Friendship and Cooperation" (ZoPFFC) by enclosing the Spratlys, demilitarizing the islands and establishing to a joint agency to manage seabed resources and fisheries—in other words a roadmap for Deng's proposal. China, however, dismissed the idea out of hand, and none of the Philippines' ASEAN partners supported it. As a result, the ZoPFFC died a quiet death.

Dispute (Mis)Management

The potential for the South China Sea dispute to generate regional instability, military conflict and Great Power rivalry has meant that ASEAN has accorded it a high priority since the issue first emerged as a major security concern in the early 1990s. However, ASEAN has no mandate to resolve the dispute, for as described above, that can only be achieved through legal arbitration or among the claimants themselves. Instead, ASEAN has tried to adopt a neutral position on the merits of competing claims—both those of its members and China's—and focused its efforts on conflict management. Over the past two decades ASEAN has engaged China on the South China Sea dispute with a view to reducing tensions, discouraging the claimants from occupying uninhabited atolls, and building trust among the parties. However, due to China's intransigence, and the lack of a strong consensus within the organization on how best to deal with Beijing, ASEAN's efforts have yielded disappointing results.

In response to rising tensions in the South China Sea following the end of the Cold War, ASEAN issued its first statement concerning the dispute in 1992—the ASEAN Declaration on the South China Sea Dispute (also known as the Manila Declaration).¹² Without apportioning blame for

11. T. Fravel, "Xi Jinping's Overlooked Revelation on China's Maritime Disputes", *The Diplomat*, 13 August 2013.

12. ASEAN Declaration on the South China Sea, Manila, 22 July 1992: <<http://www.asean.org/3634.htm>>.

increasing friction, it called for the peaceful resolution of disputes without the use of force, urged the parties to exercise “self-restraint”, pursue cooperative confidence-building measures and negotiate a “code of international conduct”. The Declaration remains, in essence, the basis of ASEAN’s consensus on the South China Sea. It did little, however, to prevent growing antagonism between Vietnam and China, and the Philippines and China in the South China Sea during the 1990s.

A decade passed before ASEAN and China made a real start on conflict management. After several years of talks, in November 2002 the two sides issued the Declaration on the Conduct of Parties in the South China Sea (DoC).¹³ It was not, however, the outcome envisaged in the Manila Declaration, as China (and Malaysia) had advocated a less legalistic approach. Instead of being a treaty, the DoC is a non-binding statement that calls on the claimants not to occupy presently uninhabited features, exercise self-restraint, resolve the disputes peacefully and carry out joint cooperative projects to build trust. As a concession to Vietnam and the Philippines—which had argued for a legally binding code—the DoC calls for the adoption of a code of conduct (CoC) to “further promote peace and stability in the region”.

The DoC was credited with lowering tensions in the South China Sea in the early 2000s. However, such credit was largely undeserved, as once it had been signed, the parties made almost no effort to implement the agreement. Indeed it was not until 2011, after China had stalled negotiations over minor procedural issues, that ASEAN and China finally agreed on a vague set of implementation guidelines, by which time tensions had already surged. Agreement on the guidelines paved the way for discussions between ASEAN and China on joint projects in five areas, which Beijing has promised to fund.¹⁴ But even as talks on implementing the DoC proceed, the focus of attention has shifted to the CoC. Unfortunately China’s lack of enthusiasm for the CoC has been manifest from the outset. Despite agreeing to talks in late 2011, in mid-2012 it declared that the time was “not ripe” for discussions to begin.¹⁵ China argued that there was little point in talking about a CoC when Vietnam and the Philippines were repeatedly violating the DoC, a charge both countries deny and also level at China itself. Under pressure from ASEAN and other countries to move forward with the process, in May 2013 China changed tactics and

13. Declaration on the Conduct of Parties in the South China Sea, 4 November 2002 <<http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>>.

14. The five areas are maritime environmental protection; marine scientific research; safety of navigation and communication at sea; search and rescue operations; and combating transnational crime.

15. “Sea Code Threatens to Fuel Tensions”, *South China Morning Post*, 12 July 2012.

agreed to “consultations on negotiations” for a CoC. ASEAN and Chinese officials have met several times since then to discuss the code, but without any meaningful progress. ASEAN has called for an “early conclusion” to the CoC, but China has insisted that it is in no hurry and wants to advance “step by step”. China has thus forced the pace of negotiations: dead slow ahead. Beijing is clearly opposed to a substantive and credible CoC that would limit its freedom of action in an area in which increasingly it has the military capabilities to press its sovereignty and “historic rights” claims. As such, it will therefore seek to draw out the negotiations for as long as possible. The final agreement is likely to be long on symbolism and short on details, and will do little to reduce tensions in the area.

Lack of progress in better managing the South China Sea conflict can't be attributed solely to China— ASEAN must share part of the blame. Due to history, geography and their relations with the Great Powers, each of the ten members have differing perceptions of, and hence policies towards, the dispute and, as result, ASEAN's consensus is based on the lowest common denominator i.e. the Manila Declaration. Vietnam and the Philippines view China's assertiveness as a national security threat. Malaysia and Brunei, whose claims are farthest away from China, tend to downplay tensions. Indonesia and Singapore are non-claimants but have significant economic and strategic interests in the South China Sea and have called on China to clarify its claims and get serious about the DoC/CoC process. Thailand, Laos, Myanmar and Cambodia are also non-claimants but do not perceive a direct stake in the dispute and are careful not to upset the close economic, political and security ties they have forged with China over the past twenty years by taking positions that are inimical to Beijing's interests. But while Thailand, Laos and Myanmar have remained *sotto voce*, Cambodia has put its relationship with China ahead of its membership of ASEAN. Thus during its chairmanship of the organization in 2012, Cambodia refused to allow Vietnamese and Philippine concerns at recent developments to be reflected in the joint statement at a summit meeting of ASEAN's foreign ministers in July. As a result, consensus broke down and for the first time in its history, ASEAN was unable to issue a final communique. This embarrassing fiasco put a severe dent in ASEAN's credibility as the ultimate arbiter of regional security.

Under Brunei's chairmanship in 2013 a semblance of unity was restored, but in May 2014 the deployment of HD-981 into Vietnam's EEZ put it to the test again. This time, it passed: ASEAN Chair Myanmar handled the situation adeptly and, in consultation with the other members, agreed to Vietnam's request that a stand-alone statement on the situation in the South

China Sea be issued which, for the first time since 1995, expressed ASEAN's "serious concerns" at developments.¹⁶ However, in keeping with past practice, the statement did not apportion blame. Nor did it lead to a reduction in tensions, nor to the withdrawal of the oil rig. Indeed the HD-981 incident — together with the announcement by the Philippines that China was undertaking massive reclamation work at three atolls in the Spratlys— seriously called into question the efficacy of the DoC/CoC process.

Risks and Dangers

For the foreseeable future the status quo is likely to continue in the South China Sea. As such, the claimant countries will robustly assert their sovereignty and jurisdictional claims and protest the activities of the other claimants. Disputes on the water over access rights to fisheries and energy resources will occur periodically, provoking tense standoffs at sea and diplomatic wrangling. ASEAN and China will continue to hold talks to implement the DoC and devise a CoC, though progress will be glacially slow and the outcomes may have little or no effect on mitigating tensions. This being the case, what are the risks and dangers inherent in a continuation of the status quo?

Few observers envisage a major war in the South China Sea involving large-scale naval battles, air strikes and amphibious landings. As noted earlier, all of the parties to the dispute, and indeed all members of the international community, have a common interest in the maintenance of peace and stability in the South China Sea and ensuring the free flow of maritime trade. As the Vietnamese Prime Minister Nguyen Tan Dung warned in 2013 "A single irresponsible action or instigation of conflict could well lead to the interruption of these huge trade flows, with unforeseeable consequences not only to regional economies but also to the entire world."¹⁷ Among the claimants, China possesses the strongest armed forces and could, in theory, "resolve" the problem by force. The reputational costs to China would, however, be very costly: cutting the Gordian Knot would completely undermine China's "peaceful development" thesis, cause irreparable damage to its relations with Southeast Asian countries, and push them into closer alignment with the United States. None of these outcomes would be in China's interests, and would outweigh any gains to be made from access to resources.

16. ASEAN Foreign Minister's Statement on the Current Developments in the South China Sea, Nay Pyi Taw, 10 May 2014: <<http://www.asean.org/news/asean-statement-communicues/item/asean-foreign-ministers-statement-on-the-current-developments-in-the-south-china-sea>>.

17. "Building Strategic Trust for Peace, Cooperation and Prosperity in the Asia Pacific Region: Nguyen Tan Dung", Shangri-La Dialogue 2013, Keynote Address, 1 June 2013.

But while a major war is an unlikely scenario, conflict cannot, of course, be ruled out. As in the East China Sea, the main risk in the South China Sea is that a skirmish on the water involving patrol boats, warships, fishing trawlers, survey vessels or oil rigs sparks a military clash that quickly escalates into a serious crisis. As US Defense Secretary Chuck Hagel warned at the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) in August 2013, "Actions at sea to advance territorial claims do no strengthen any party's legal claim. Instead they increase the risk of confrontation, undermine regional stability and dim the prospects for diplomacy."¹⁸ This risk of tensions turning into conflict is heightened due to the relative absence in Asia of effective crisis prevention and de-escalation mechanisms of the kind negotiated by NATO and Warsaw Pact countries during the Cold War, such as hotlines and Incidents at Sea agreements.

Moreover, absent a resolution of the dispute, or a breakthrough in the conflict management process, tensions will continue to foster instability and strategic uncertainty and hence fuel regional arms build-ups. It will also provide a perennial test of ASEAN unity and negatively impact China's relations with the United States, Japan, the European Union and others. The next ten years will likely be a crucial phase in the long-running saga of the South China Sea dispute. If the claimants design and implement an effective set of conflict prevention and crisis management mechanisms, provide legal clarity to their claims, and finally muster the political will to pursue a negotiated settlement that resolves the sovereignty question and divides maritime resources in an equitable manner, a bright future beckons. But if the status quo continues, and tensions are allowed to fester, the dispute will almost certainly be sucked into the vortex of US-China rivalry, rendering it utterly intractable for at least a few more generations.



18. "Hagel Warns Ministers over Territorial Tensions", *Straits Times*, 30 August 2013.