

## The Spratly Islands: A Regional Perspective

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The unprecedented and massive developmental growth China has experienced in the past decades has in fact transformed a country from a third-world overpopulated Asian state, to one of the most influential nations since the rise of the United States after World War II. China now faces the classic dilemma of maintaining its developmental growth and economic progress. It has been predicted that China's overall economy could grow at 9 percent per year for the next 20 years.<sup>1</sup> As a result, of this expansion and growth China has become increasingly involved in security issues, which involve three primary tenets. These tenets are traditional Chinese nationalism; the security of the current political regime; and finally the security of valuable resources with which China can fuel its rapidly expanding economy. The Spratly Islands dispute ties all three of these tenets together. While these tenets particularly focus on China, they also cover other nations involved in the dispute and the overall effect it has on the region. Here are some questions to be considered about the dispute. How important are the Spratly Islands? Can China or other claimants really gain anything from a conflict over the Spratly Islands? What resources in the Spratly Islands are recoverable? In order to answer these questions, a review of the history of the sovereignty dispute is necessary along with the potential for natural resources, economic benefits from Spratly ownership, the prospect for military conflict, and finally what the current claimants' policy is towards the Spratly Islands. Simply put, the Spratly Islands contain significant strategic value to China and other claimants in resource potential, policy adaptation, and regional perceptions.

The entire Spratly Island archipelago, which "consists of small reefs, shoals, sandbars, cays, and atolls, covers about 180,000 square kilometers<sup>2</sup> with the inclusion of the territorial waters that surround the entire chain".<sup>3</sup>

The islands contain no indigenous human life and no signs of being inhabited prior to the initial mapping and surveying conducted in the early 20<sup>th</sup> century by German merchants. The five primary claimants to the Spratly Islands are The People's Republic of China (PRC), Vietnam, Republic of China (ROC), Malaysia, and the Philippines. Each has been involved in attempts to take sovereignty and control of either parts of, or the entire island chain itself. The conflict stems from mostly competing legal claims over ownership of the islands, but there have been points in which the conflict has escalated into military action. Here are some of the most notable incidents: In 1988 PRC and Vietnamese navies clashed at Johnson Reef in the Spratly Islands, as a result 70 Vietnamese sailors were killed. In 1992, there were Vietnamese accusations of Chinese oil drilling in Vietnamese territorial water and that PRC landed troops on

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<sup>1</sup> Zweig, David and Bi, Jianbai, "China's Global Hunt for Energy" *Foreign Affairs*, Vol. 84, no. 5 (2005): p.25.

<sup>2</sup> The area and range of the Spratly Islands has been variously reported.

<sup>3</sup> Joyner, Christopher C., "The Spratly Islands Dispute: Legal Issues and Prospects for Diplomatic Accommodation" *Cooperative Monitoring in the South China Sea: Satellite Imagery, Confidence Building Measures, and the Spratly Island Disputes*, Greenwood Publishing Group, Incorporated (2002) p. 17.

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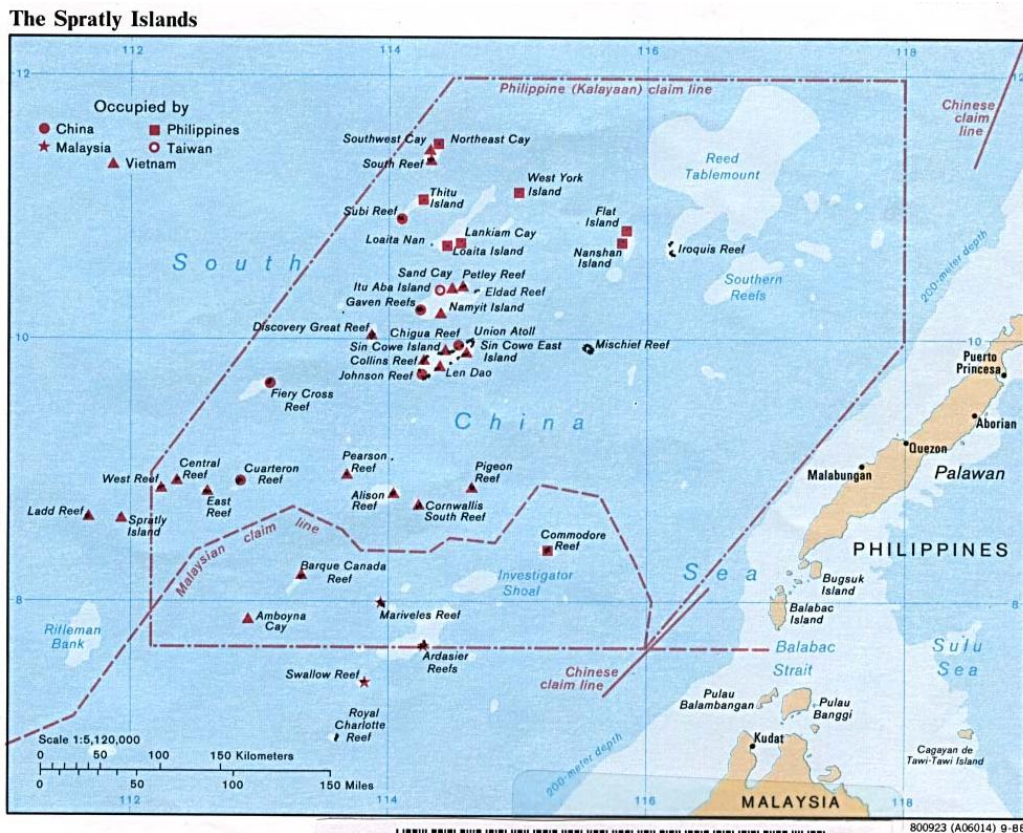


Figure 1: Map of the Spratly Islands<sup>4</sup>

DeLuca Reef in the Spratly Islands. PRC responded to these accusations by seizing 20 Vietnamese vessels; it is unknown if these vessels were returned to the Vietnamese or were still held. In 1995, PRC took control of Mischief Island from the Philippines; in response, the Philippine military ousted the Chinese and burned Chinese territorial markers. In 1996, PRC ships engaged in a naval battle with a Philippine gunboat near Campones Island. In 1998, Chinese fishermen were arrested and removed from Scarborough Shoal; meanwhile Vietnamese soldiers fired on Philippine fishermen off Pigeon Reef.<sup>5</sup> Eventually conflict will not remain solely within the Spratlys and such engagements could develop other security problems in Asia. The first issue in figuring out the importance of the Spratlys is in the legal side of the dispute.

### Legal Considerations

The legal basis for claiming the Spratly Islands from China's perspective comes from early discovery and exploration during the Qing dynasty<sup>6</sup>. However, discovery is not enough

<sup>4</sup>Lincoln Bloomfield & Allen Moulton, *Cascon Case SPI: Spratly Islands 1974*

[http://web.mit.edu/cascon/maps/Paracel\\_Spratly\\_88.jpg](http://web.mit.edu/cascon/maps/Paracel_Spratly_88.jpg)

<sup>5</sup>GlobalSecurity.org, *Military Clashes in the South China Sea*, <http://www.globalsecurity.org/military/world/war/spratly-clash.htm>.

<sup>6</sup>Qing Dynasty (1644-1911)

according to international law to claim sovereignty over a territory. There has to be evidence of permanent settlement and historical commitment, which is mandated by the international community to claim a territory. Since there was no permanent land settlement any historical land based claim is nonexistent in China's (and any other claimant's) case.<sup>7</sup> In 1992, PRC passed a sea and zone act to enforce its legal claim to the Spratlys. Article Two of the act specifically shows the Spratlys as included in the sea zone legislation. This legislation is also backed by the facilities and personnel PRC has constructed and maintained within the archipelago since the late 1980's.<sup>8</sup> PRC at present occupies seven islands.<sup>9</sup> The ROC claim extends from having the first occupied island in 1956<sup>10</sup>, and has maintained peaceful uncontested control over the island of Itu Aba for decades. Such a history of peaceful control by ROC has been crucial for its sovereignty claims.<sup>11</sup>

The Vietnamese claim extends from the Nguyen dynasty<sup>12</sup> and supporting evidence (i.e. maps) to the historical claim. Vietnam also includes its claim as part of its secession from France and the subsequent French claim to the Spratlys in 1933. Since the end of World War II when Japan returned the Spratlys to the French, this claim was never processed in the international community. It carries little substantial weight. To other claimants the Spratlys are part of the doctrine of *terra nullius*<sup>13</sup>. Presently the Vietnamese have taken twelve islands and have about 600 troops stationed on the Islands.<sup>14</sup> The Philippines justifies its claim over the Spratlys from its discovery by Thomas Cloma in 1947. The islands were annexed by the Philippine government in 1978 and were administered under the Philippines since the islands are within the Exclusive-Economic Zone (EEZ) of the Philippines.<sup>15</sup> The EEZ is a zone that is internationally recognized for a nation to exercise economic and environmental control. The Malaysian claims are not supported by any historical evidence, but use the United Nations Convention on the Law of the Sea (UNCLOS) to assert its claim based on the continental shelf doctrine interpreted by UNCLOS.<sup>16</sup> This doctrine is based on Article 76, which defines the limits of a coastal states continental shelf.<sup>17</sup> With so many competing claims, the increased probability of military clashes as evidenced earlier become more frequent as countries move away from de jure sovereignty and

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<sup>7</sup> Joyner, p.19.

<sup>8</sup> Ibid.

<sup>9</sup> GlobalSecurity.org

<sup>10</sup> The Republic of China (Taiwan) claimed Itu Aba in 1947; it was not until 1956 until they established a verifiable physical presence on the island.

<sup>11</sup> Joyner, p. 19.

<sup>12</sup> The Nguyen dynasty (1803-1945) began nearly two centuries after the rise of the Chinese Qing dynasty.

<sup>13</sup> *Terra Nullius* is Latin for "no man's land" and in political geography defines land that has lost all legal entitlements from others.

<sup>14</sup> Joyner, p.19.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid. p. 20.

<sup>17</sup> United Nations Convention on the Law of the Sea Part VI Article 76. 4. (a) For the purposes of this Convention, the coastal State shall establish the outer edge of the continental margin wherever the margin extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by either:(i) a line delineated in accordance with paragraph 7 by reference to the outermost fixed points at each of which the thickness of sedimentary rocks is at least 1 per cent of the shortest distance from such point to the foot of the continental slope; or(ii) a line delineated in accordance with paragraph 7 by reference to fixed points not more than 60 nautical miles from the foot of the continental slope.(b) In the absence of evidence to the contrary, the foot of the continental slope shall be determined as the point of maximum change in the gradient at its base.

The coastal State shall delineate the outer limits of its continental shelf, where that shelf extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by straight lines not exceeding 60 nautical miles in length, connecting fixed points, defined by coordinates of latitude and longitude.

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closer towards de facto sovereignty.<sup>18</sup>

From the PRC perspective, *de facto* sovereignty lays the framework for *de jure* sovereignty. By exercising control over a territory or establishing a status quo baseline, the legality of control inches closer in favor for the PRC (i.e. ROC dispute status quo, Askai Chin dispute status quo, Tibet, etc.). Specifically for the Spratlys, any competition to Chinese claims to the islands is viewed as a test against the political authorities' legitimacy and the ability to govern effectively. Much like in the ROC scenario, Chinese nationalism defines and reflects its foreign policy, which is to preserve the national and cultural identity of PRC since the end of World War II. For PRC, it has become a game of strategic positioning and bargaining. By closing the door on multi-lateral discussion, China has effectively controlled the collective body of the Association of Southeast Asian Nations (ASEAN) while pressing bilateral discussions with the other claimants. The "divide and conquer" methodology the PRC has used attempts to insulate PRC from any international backlash and isolate each claimant while PRC adapts and moves freely in its own claim.<sup>19</sup> The sovereignty dispute is still ongoing and with a larger military presence accumulating on the Spratly Islands sovereignty may not be awarded through legal means, it may be taken by military means.

Recent developments in the Spratly dispute have provided an interesting new look at administrative authority over the islands. The Philippine government has claimed that PRC has deployed a new marker buoy for navigation in the Spratly Islands.<sup>20</sup> With the recent development in the World Court over the Celebes Sea Island dispute one somewhat similar to the situation with the Spratlys, it was decided by the Court that since Malaysia exercised continued oversight and administrative authority over the island that Malaysia legally has claim to it.<sup>21</sup> Although the Spratly Island dispute is not before the any international body, the World Court still sets a tentative precedent to island disputes with this decision. The *de jure* sovereignty equation has changed, but does not overrule the fact that action in the Celebes Sea Island was taken prior to the awarding of sovereignty. PRC seems to have mimicked this situation with its buoy. By providing new and accurate navigational markers, PRC essentially is seen as committed to the entire Spratly Islands in all facets. If PRC can strengthen, its legal claim by this measure then they may be able to save expending considerable resources on the Spratlys; in essence "to win without fighting"<sup>22</sup>. The potential for natural resources and oil add the next and deeper layer of the Spratly dispute.

### **Resource Potential**

It has been suggested by the claimants that the Spratly Islands contain a significant amount of natural gas and oil. The South China Sea in itself has an estimated reserve of 7.5 billion barrels of oil with production stable at around 1.3 million barrels-per-day (bpd) from current Filipino, Vietnamese and Malaysian sources<sup>23</sup>, so the prospect of oil out of the Spratly Islands is not too farfetched. However, to this day there has been no oil reserves found within the

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<sup>18</sup> *De jure* sovereignty literally means "by right of or by law" whereas *de facto* sovereignty its "exercise of control without legal establishment"

<sup>19</sup> Joyner, p.22.

<sup>20</sup> "Disputed isles". *Far Eastern Economic Review*, Vol. 166, Issue 7. (Feb. 20, 2003) p. 6

<sup>21</sup> Ibid.

<sup>22</sup> Sun Tzu, *The Art of War* trans. Roger T. Ames (Ballantine Books, 2005)

<sup>23</sup> GlobalSecurity.org, *South China Sea Oil and Natural Gas* <http://www.globalsecurity.org/military/world/war/spratly-oil.htm>.

Spratly Islands. In fact since the islands are prone to military clashes and disputes there have not been any drilling expeditions to date to find measurable quantities of oil and natural gas. However recently a seismic survey of the Spratly Islands in partnership between the national oil companies of Vietnam, PRC and the Philippines was completed in March 2006 to determine the natural resources in the Spratlys yielded “good data”.<sup>24</sup>

The PRC stated estimate of oil potential in the Spratly Islands is around 105 billion barrels and 213 billion barrels in the entire South China Sea.<sup>25</sup> This boisterous estimate could simply be Chinese overconfidence, but serves to strengthen at least in the PRC’s view a stronger reason to control the Spratlys. As a rule of thumb with expeditionary oil drilling, the recovery of potential resources is about 10 percent, which places production levels at about 1.9 million bpd. The United States Geological Survey (USGS) does not agree with the PRC estimate and estimates that only 28 billion barrels of total reserves, proven and unproven, are in the South China Sea.<sup>26</sup> The Spratlys accordingly by the same USGS estimate may only contain 1 to 2 billion barrels and thus have peak production between 180,000 to 370,000 bpd, which is equivalent to current Asian oil production values.<sup>27</sup>

Natural gas resources look much more promising in the Spratly Islands than oil resources. The estimates range from 24 trillion cubic feet (Tcf) to 2,000-Tcf of natural gas resources within the Spratly Islands. If the same rule of thumb were applied to the natural gas as in the oil equation, it implies that the Chinese estimate of 900 Tcf of natural gas would yield 1.8 Tcf per year.<sup>28</sup> While these are only estimates it still shows why the Spratly Islands could be so valuable to its claimants, most especially PRC. With Asia, nearly completely dependant on foreign oil, discovery of proven reserves will at least temporarily relieve Asian dependency. In 2000, 70 percent of the oil-imported came into Asia from the Middle East and that is expected to climb to 95 percent in 2010.<sup>29</sup> The Asian market may be unable to function without near complete dependency on foreign oil, which would create further instability in the region. PRC accounted for 31 percent of global oil demand in 2004.<sup>30</sup> PRC has now taken the offensive in capturing favorable deals with oil exporting nations. The recent agreement between PRC and Iran over the development of an oil field and pipeline in Iran has ensured that PRC has a steady partner in the oil business.

PRC has also improved relations with African nations to secure its oil interests as well. Even with the turmoil in Khartoum, PRC obtains about 5 percent of its total oil from Sudan.<sup>31</sup> PRC knows that if it has control over the Spratly Islands it could potentially lessen the exterior costs of shipping its oil, production costs, and importing from foreign sources. However, even at the most conservative estimate and recovery equation the Spratly Islands put PRC at a loss as far

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<sup>24</sup> “The initial phase of a pioneering three-nation joint survey for oil and gas potential in the much disputed Spratly Islands has been completed”...data processing in Hanoi would take until February 2006 and then taken to Manila for interpretation taking another four months. “We would have the results by the middle of 2006”. Maalac, Eduardo. “Spratly Islands are surveyed.” *International Gas Report*, Issue 537, McGraw Hill Publications Company New York ( Dec 2005), p.23

\*As of July 2006, the results have not been released to the public. It is unknown whether or not the results have been determined; therefore, analysis will have been based on current publicly accessible and known information.

<sup>25</sup> The South China Seas extends from the Strait of Malacca to the Northern Edge of the Strait of Taiwan.

<sup>26</sup> The actual contents and details of the estimate are classified.

<sup>27</sup> GlobalSecurity.org

<sup>28</sup> Ibid.

<sup>29</sup> Calder, Kent E., “Asia’s Empty Tank”, *Foreign Affairs* Vol. 75, no.2 (1996) p.60.

<sup>30</sup> Zweig, p.25.

<sup>31</sup> Ibid, p.32

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as what was expended to achieve the resources as opposed to the actual value of the resource achieved. PRC does not want to operate at a loss when it comes to the flow of natural resources, this may be the reason why the PRC is so optimistic about the potential resources contained within the Spratly Islands. The principle behind this is, although it would be very expensive to harvest and utilize potential Spratly oil, it gives PRC “breathing room” in the oil market and extends upon the historical nationalism that “China is for Chinese” and is not dependant on other nations as far as its development and growth.

PRC however is dependant upon shipping of foreign oil from PRC oil partners to mainland China. PRC has no land pipeline so it is very expensive in relation to say a pipeline, which is cheaper than moving the oil by ship.<sup>32</sup> PRC does possess a land-based deposit of oil; however, spending crucial domestic capital on such a development runs the risk of failure. In a payoff matrix scenario, PRC can choose the short-term and intermediate gains, but to the burgeoning need for energy rather than invest in a long-term and possibly cheaper outcome. The importance of the Spratly Islands as a shipping lane as well adds another layer to the dispute. Nearly all of the Asian oil supply will originate from Africa and the Middle East, which will pass thru the Strait of Malacca into the South China Sea. It has now become one of the world’s most heavily used shipping lanes and annually accounts for over half of the global merchant fleet in tonnage passing through it.<sup>33</sup> The strait is not just important regionally but globally, with half of the global merchant fleet traveling through the South China Sea. Conflict that disrupts the shipping lanes is unacceptable to any party within and outside the Spratly Island dispute.

However, the greatest threat to the shipping lanes in the South China Sea is not from the military conflicts between the claimant nations, but local pirates. In the last decade, the South China Sea has had over half the world’s piracy cases originated from the area, which threatened oil interests worldwide.<sup>34</sup> More recently, pirate attacks have focused on the small fishing populations that were transplanted to the Spratly Islands by the claimants. In the most recent development four Chinese fisherman were killed and as a result cooperation between Vietnam, China and the Philippines to protect the Spratlys and common interests from pirating and smuggling.<sup>35</sup> Combined with earlier initiatives against piracy it seems that claimant parties have all found a middle ground to agree on in the Spratly Islands and South China Sea. It has been suggested that if a conflict were to escalate and the shipping lanes in the South China Sea were threatened, it would lead to a “virtual closure”<sup>36</sup> of those shipping lanes and force longer and alternative routes which sometimes could lead to be more dangerous. Just to re-route oil through another strait or passage, the tanker fleet would have to expand 20 percent to compensate. A disruption according to most experts would strangle the oil tanker market and create a spike in energy prices to reflect the increased tanker rates. A sustained conflict anywhere in the South China Sea would increase global energy prices ten-fold in order to compensate for the disruption of shipments (Figure 2).<sup>37</sup> This tenfold increase is not as ridiculous as it sounds, by studying the number of oil shipments through the South China Sea, we see that 1,840 of the 2,258 oil tanker

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<sup>32</sup> Ibid p.29-30

<sup>33</sup> Kreil, Eric, “Energy Issues in the South China Sea Region”, *Cooperative Monitoring in the South China Sea: Satellite Imagery, Confidence Building Measures, and the Spratly Island Disputes*, (2002) p. 35.

<sup>34</sup> Ibid. p.43.

<sup>35</sup> “PR, China, Vietnam to secure Spratlys” *The Filipino Express*, Vol. 20, Issue 22, The Filipino Express Inc., Jersey City, NJ (2006), p.8.

<sup>36</sup> In this context, the shipping lane is not physically closed off or blockaded, but the conflict prevents companies and nations from utilizing the shipping lane because of the risk involved from the conflict.

<sup>37</sup> Kreil, p. 45.



voyages that enter through the Strait of Malacca pass through the Spratly Islands. That is 81% of South Pacific oil. If that were to be interrupted or terminated by a military clash in the Spratly's global energy would increase not just thru the interruption of resources but market factors that would force nation's economies to deal with the loss of oil.

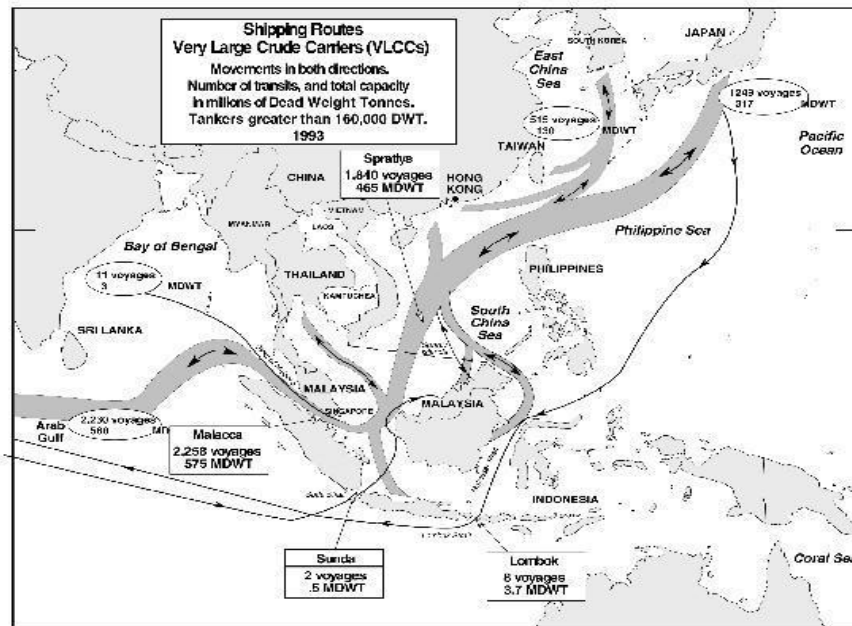


Figure 2: Map of Shipping Routes utilized in the South China Sea with Spratly Values <sup>38</sup>

Further gains economically can come about from the Spratlys in other areas besides resources, most notably the Exclusive Economic Zone.

### Exclusive Economic Zone

The Spratly Island's also contain the potential to extend the economic impact of one of the particular claimant nations. This economic "bonus" comes in the form of the Spratly Islands Exclusive Economic Zone (EEZ). According to UNCLOS, the EEZ is an "area beyond and adjacent to the territorial sea, subject to the specific legal regime established in this Part, under which the rights and jurisdiction of the coastal state and the rights and freedoms other states are governed by the relevant provisions of this Convention".<sup>39</sup> The Spratlys lie dead in the middle of several claimants' continental shelves or EEZ's which serves to be another flashpoint in this dispute. To highlight why this is a source of increased tensions a focus must be brought to bear upon the incentives gained from an EEZ. In an EEZ, a coastal state has sovereign rights for exploring and exploiting, conserving and managing the natural resources, living or non-living and the waters of the superjacent<sup>40</sup> to the seabed and subsoil and with regard to activities for the economic exploitation and explorations such as energy production; and also the state has

<sup>38</sup> GlobalSecurity.org, *South China Sea Oil Shipping Lanes*. <http://www.globalsecurity.org/military/world/war/spratly-ship.htm>

<sup>39</sup> United Nations Convention on the Law of the Sea Part V, Article 55.

<sup>40</sup> Resting or lying immediately above or on something else.

jurisdiction to establish structures, conduct research and conserve the marine environment.<sup>41</sup>

It is an interesting fact to note that PRC was not originally a party to the UNCLOS convention and subsequently their legal argument was substantially less prominent than it is at the present. The value of the EEZ is irrefutable; the mineral resource potential has already been proven in the South China Sea with the discovery of cobalt, copper and manganese.<sup>42</sup> Claimant nations are trying to stretch the interpretation and scope of UNCLOS in reference to the EEZ to aid in their claim to the Spratly Islands. The Malaysian claim is based on a continental shelf theory of formation of the island that was not directly addressed in UNCLOS; the Philippines EEZ extends to where Mischief Reef the island with the most Chinese build up is completely encompassed by it thus solidifying Filipino claims.<sup>43</sup>

The EEZ facet of the dispute is one of the hardest to solve let alone attempt to negotiate. Each of the claimants has exercised a right granted in articles 56 and 57 of UNCLOS whether by erecting artificial structures, conducting exploration, or conducting research. If states have already taken the prerogative to exercise their sovereign rights to a legal claim (disputed or not), the argument over the EEZ becomes almost a non-issue. Since the international community cannot determine the exact nature of the legal claims any EEZ argument whether legitimate or not only serves to award equal rights and privileges to all and avoid “playing favorites” which could seriously jeopardize the security of the region.

Until the actual resource potential of the Spratly Islands is proven, most of the resource dispute argument retains its basis in opinion. While oil has been found within the South China Sea, it has so far been sporadic and difficult to harvest. Even if reserves were found, the cost of drilling and processing may at the current rise in energy prices, negate any benefit of natural resources the Spratlys may provide. It would seem at this point the claimants are adopting a wait and see approach and not being as aggressive for fear of disputing a delicate balance in the South China Sea and greater Asia. However much the risk that may be involved, a military conflict can still become unavoidable especially if it is found that the Spratly Islands are in fact as lucrative as estimated to be.

### *Military Scenarios*

To determine the feasibility of a military conflict in the Spratlys an examination of the security issues in the area and the growing military presence of nations coupled with the need for expansion proves to create an imminent probability of military conflict. According to David Wiencek and John Baker, the main “triggers” to a military confrontation over the Spratlys are as follows: Creeping Occupation, Exploration/Exploitation Activity, Aggressive Patrolling, and Armed displacement.<sup>44</sup> Many other potential triggers could have the power to spark an armed conflict however; these four triggers are policies and actions adopted by the claimants and at

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<sup>41</sup> Ibid, Article 56

<sup>42</sup> Katchen, Martin H., “The Spratly Islands and the Law of the Sea: “Dangerous Ground” for Asian Peace”, *Asian Survey* Vol. 17, No. 12 (Dec 1977), p.1177.

<sup>43</sup> Joyner, p. 20-21.

<sup>44</sup> Wiencek, David G. & John C. Baker, “Security Risks of a South China Sea Conflict”, *Cooperative Monitoring in the South China Sea: Satellite Imagery, Confidence Building Measures, and the Spratly Island Disputes*, Greenwood Publishing Group, Incorporated (2002) p. 51.



present remain the continuing standard operating procedure within the Spratly Islands. An in-depth look at these primary triggers will show whether conflict is probable.

The “Creeping Occupation” is the effective and permanent occupation of the islands and reefs within the Spratlys, to bolster sovereignty claims. The snatch and grab doctrine would definitely convince a claimant that its position is threatened and armed response is the only choice.<sup>45</sup> The “Exploration/Exploitation Activity” is the unilateral engagement in exploring the islands and hunting for natural resources. The oil interest in the Spratlys is so large that this type of individual action could warrant a military response. “Aggressive Patrolling” is predominately used by PRC and Vietnam to harass and detain other claimants fishing boats and civilian vessels. Such detainment and violation of innocent passage rights without concrete legal authority is the easiest way to provoke a military response.<sup>46</sup> Finally, with the increased armed presence by the claimants in the Spratlys the area inches closer to a direct confrontation. When troops from various nations are in close proximity to each other, miscommunication or seemingly innocent events and actions could be misinterpreted paving the way for armed displacement of those involved.

Before the security aspects and views of the claimants are delved into, it is pertinent to note the PRC’s increasing militarization of disputes, most notably to have a military that is capable of enforcing its claims, but also forcefully asserting them. PRC wishes to form a blue-water navy<sup>47</sup> in the hope of extending its power base. PRC’s military budget has risen 75 percent since 1988,<sup>48</sup> which shows that the PRC is serious about a military option in a non-Taiwan related dispute. In fact, because of PRC militarization efforts, neighboring countries are beginning to also increase their military options. A conflict in the Spratlys could have the unintended effect of spilling over into other tense situations with neighboring nations and create a zero-sum arms race within Asia.<sup>49</sup> Recent actions include a massive deal between PRC and Russia to have them purchase Russian carriers and submarines. Just recently PRC visited and watched the U.S. massive Pacific war-game codenamed “Valiant Shield”, the visit helped PRC obtain a “better understanding of U.S. weapons, training, skills and exercise arrangements,” said Zhang, a navy vice chief of staff and commandant of PRC’s Naval Submarine Academy.<sup>50</sup>

### *The Chinese Variable*

What explains the growing trend in Chinese security policy in relation to the Spratly Islands? Each claimant has been actively engaged in the military aspect of security save for Malaysia who still has adopted a stance favoring negotiations. While Vietnam, ROC and the Philippines all are heavily involved in the past and current military incidents, all three share that claimant claims interfere with EEZ and territorial waters and coastal baselines. However, it is increasingly evident that the security situation in the South China Sea and more specifically in the Spratly Islands is being determined by PRC and their security maneuvers. PRC has been the

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<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> A blue-water navy is a navy capable of projecting its force well outside the territorial waters of its home nation. Notable examples of blue-water navies are the United States, United Kingdom, and France.

<sup>48</sup> Calder, p.60.

<sup>49</sup> Ibid, p.61.

<sup>50</sup> “China pleased after watching U.S. war games”. *USA Today*, June 22, 2006. [http://www.usatoday.com/news/world/2006-06-22-china-wargames\\_x.htm?csp=34](http://www.usatoday.com/news/world/2006-06-22-china-wargames_x.htm?csp=34)

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most aggressive nation in militarizing the Spratlys, and has used a calculated set of island capture and show of force tactics to back up its legal assertion to the Spratly Islands.<sup>51</sup> It is not to farfetched to say that PRC is trying to reassert its complete dominance over an area that it traditionally has held the center of power over for thousands of years. By turning Chinese nationalism into such an element in support of the PRC political regime, it has tied national policy and thought directly to its military posturing in Asia.

That behavior has shown systemic patterns since the 1980s; which includes using force over diplomatic means to solve all sovereignty issues, capturing of all valuable assets (tangible and intangible<sup>52</sup>), filling the vacuum left by the absence of Cold War superpowers, and establishing a sphere of influence.<sup>53</sup> Although the PRC has vehemently denied these claims of military behavior, it is interesting to note that with growing domestic issues and the need for the Communist government to battle legitimacy questions that PRC adopted such a stance. The true test of government is in the defense of its citizens, by expanding the military it quiets any dissent against the government and gains all claimants valuable advantages and regional leverage. Essentially China is the center of the entire security paradigm. All claimants have to deal with China's massive economic power, growing military and increasingly hegemonic stance, while balancing the risks of disrupting oil shipments and the cost of conflict. The claimant countries have the ability to alter the flow and proceedings that occur in the Spratly Islands, but ultimately PRC has set the clear example over level of involvement in the Spratly dispute.

Since PRC has assumed the most critical and difficult role to understand and negotiate with regarding to the Spratly Islands, a look into PRC Spratly policy may shed light on why the Spratly Island's have PRC up in arms. PRC by no means wants the Spratly Islands to become another Taiwan issue for the international community to galvanize around and pressure PRC into changing positions. That alone explains an aggressive posture not to mention that its history in recovering its former status as a major international player after World War II was abysmal until the end of the Cold War. Those two examples are of PRC trying to forget past "failures" or "missed opportunities" by jumping and grabbing at any opportunity that presents itself. To further elaborate PRC sees it's assertive Spratly policy as long overdue, it is in response to protecting its territorial integrity, and until it has its sovereignty over the Spratly Islands recognized, PRC claims that it is the victim of regional countries' aggression and encroachment.<sup>54</sup> As such, this policy was always not at the forefront of Chinese politicking. During the Cold War China actually remained unfettered by other countries involvement in the Spratlys. It was more concerned with the superpowers; it did however take special measures to stop Vietnamese encroachment, which culminated with the engagement in 1988.

Its policy since the end of the Cold War was largely in the hands of the heavily industrialized and income rich coastal provinces. It was seen that this was the future of China's economic growth into a global power<sup>55</sup> and thus needs to be protected at all costs, which meant securing the Spratly Islands and the South China Sea. This has been relatively easy since with a

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<sup>51</sup> Wienczek, p.52

<sup>52</sup> Tangible goods are goods that can be measured and tied to a fixed value. (I.e. technology, resources, labor.) Intangible goods are goods that cannot be fixed to a value. (I.e. national defense, airspace, water rights, environment).

<sup>53</sup> Song, Yann-huei, "United States and Territorial Disputes in the South China Sea: A Study of Ocean Law and Politics", *Maryland Series in Contemporary Asian Studies No. 1- 2002 (168)*, University of Maryland (2005.) p. 60.

<sup>54</sup> Chen Jie, "China's Spratly Policy: With Special Reference to the Philippines and Malaysia", *Asian Survey*, Vol. 34, No. 10 (Oct 1994), p. 893.

<sup>55</sup> Ibid, p. 896.

larger and greater technologically capable military China has met little or no resistance from most of the claimants. If PRC can maintain the military technology gap<sup>56</sup> then they should have no problem in gaining favorable situations in the Spratly Islands. PRC also understands the need to avoid multilateral engagement over the Spratly Islands. If they can prevent extra-territorial nations from getting involved and break up attempts to regionalize the issue through ASEAN, China then can prevent future regional structures such as ASEAN to function which intend to limit Chinese ambition and expansion especially those ambitions that are in competition with ASEAN and Vietnam.<sup>57</sup> By supporting, a bi-lateral initiative PRC leaves the diplomatic prospect open, but shuts the door on any attempt to internationalize the issue. This is in response to the concern over U.S. involvement if it were to be internationalized. However aggressive the pose is militarily, PRC has one statistic that has worked against them. That is the ability to modernize during conflict. The late 1960s and early 1980s were periods of conflict in PRC. In addition, it has been speculated that PRC's modernization was setback at least a decade. Essentially PRC still is like all other nations, which need peace to progress towards developmental goals. The PRC already has the understanding that since the other claimants are stressing confidence building measures and transparency that they have conceded a psychological victory to PRC in possessing the comparative advantage in negotiations.<sup>58</sup> This also bridges into limiting involvement by outsiders in ROC and water down other disputes as well, by consolidating issues and adopting a "please the hegemon" attitude. PRC is demonstrating its power to the entire international community.

Even with such an aggressive policy, the PRC has initiated and cooperated in expeditionary missions and exploration missions of the Spratly Islands with the other claimants. The PRC also cooperated in combating piracy in the Spratly Islands to ensure the safety of all vessels and clear un-interrupted shipping lanes. So while the PRC's hard-line policy stems from historical and perceived attitudes. China still finds common ground with others in issues that are non-sovereignty related. There still is a possibility for a decrease in military answers to the Spratly Islands, but with a Chinese rush to military modernization, it shows that PRC has a way to go before taking alternative measures to regional disputes and must still grow into its role in Southeast Asian Affairs.

## ***Conclusion***

It is hard to determine where the Spratly Islands dispute will go in the future. With the sovereignty dispute in a complete deadlock there is no way to definitively award a sovereignty claim to the Spratly Islands while retaining impartiality. All claims have historical basis and literature supporting each particular claim. The natural resource potential could possibly ignite the conflict into a battle for energy resources as oil become a scarcer commodity in the global economy. The entire security paradigm of Asia could be altered by the hydrocarbon resources that may be contained within the Spratlys. With Asia's furthering dependence on foreign oil the resource table in the Spratlys could spark an all out free-for-all if the economically recoverable amount prove to offset the costs incurred.

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<sup>56</sup> The technological gap between China and other claimant navies is about 10 years. This does not account for nations, which have sold technology to other countries, as in the case of ROC. Technologically ROC possesses the advantage in Air power and missile defense. (I.e. Taiwanese (ROC) F-16 fighter plane compared to Chinese Su-25/27).

<sup>57</sup> Jie, p. 897.

<sup>58</sup> Ibid, p. 900-902.

## The Spratly Islands: A Regional Perspective

Resolution is going to come to the Spratlys in two forms; cooperation between all the actors, or a military showdown for the Spratlys. In reality, it seems that short-term cooperation is what is in place presently, and this is because the two most aggressive actors in this dilemma (PRC and Vietnam) have agreed to cooperate. They have cooperated in combating issues that threaten interests (i.e. piracy), and enhancing mutual interests (i.e. expeditions, scientific research, navigational mapping). This interaction is a prisoner's dilemma<sup>59</sup> between PRC and Vietnam. The only difference is that in a standard prisoner's dilemma the payoff for defection is well established, in the Spratlys instance the payoff (resources\*) is not clearly defined and is one explanation as to why there is short-term cooperation. This cooperation can be maintained, so long as the payoff is unknown or marginal to the perceived benefits and in this case does not threaten the status quo. If the benefits manifest themselves to be greater than the gain through cooperation, a military conflict is unavoidable given the circumstances.

Even so, for PRC and the others it is a matter of national pride, territorial integrity, and establishing permanent influence and control over the fastest growing region in the world. Gaining the Spratlys also gains position in Asia for that particular country. All of the nations involved have a stake in the Spratlys, however the most spontaneous and unpredictable nation is PRC. Therefore, PRC has the advantage and the opportunity to further cooperation and stability or use force to assert its Spratly and Asian dominance. Either way, until everything is known the Spratly Islands fate is unknown as well.

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<sup>59</sup> A prisoner's dilemma is a game-theoretical approach that involves two or more actors. Where there is a set amount of payoffs and punishments, for cooperation and defection. In a two-person scenario, the reward for cooperation is say (3, 3) for each. However, if Person A defects and Person B cooperates the payoff matrix is (10, 1) in favor of player A. Similarly if B defects and A cooperates it is the same payoff in favor of Player B. However, if both defect the payoff is (-1,-1). With multiple players, the dilemma expands to finding equilibrium points between defection and cooperation among actors.

\* Other variables of strategic value, territorial gain, and national pride cannot be measured quantifiably and not included the analogy of payoffs. However, this is not to say that these do not affect the payoff schemata, this two are intangible payoffs gained by whoever controls the Spratlys.