The Sino-Vietnamese dispute regarding the South China Sea: Clashes between two communist neighbours

Balancing in the dispute through ASEAN and the US-factor
DECLARATION BY THE CANDIDATE

I hereby declare that this thesis, “The Sino-Vietnamese dispute regarding the South China Sea: Clashes between two communist neighbours”, is my own work and by my own effort and that it has not been accepted anywhere else for the award of any other degree or diploma. Where sources of information have been used, they have been acknowledged.

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Signature

Date  19 augustus 2016
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<tr>
<td>ASEAN-China Free Trade Area</td>
<td>(ACFTA)</td>
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<td>Asian Infrastructure Investment Bank</td>
<td>(AIIB)</td>
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<td>Association of Southeast Asian Nations</td>
<td>(ASEAN)</td>
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<td>China’s State Oceanic Administration</td>
<td>(CSOA)</td>
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<td>Chinese Communist Party</td>
<td>(CCP)</td>
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<td>Communist Party of Vietnam</td>
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<td>Declaration on the conduct of parties in the South China Sea</td>
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<td>Energy Information Administration</td>
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<td>Gross domestic product</td>
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<td>New Development Bank</td>
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<td>Southeast Asia Treaty Organization</td>
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<td>South China Sea</td>
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Introduction

In the 20th century, the biggest armed conflicts in the world took place in Europe. Now, in the 21st century, this could happen in Asia, possibly in waters of the South China Sea (SCS). The dispute in the SCS concerning sovereignty over islands and maritime zones for economic resources and due to geopolitical strategic reasons might escalate into war with many countries involved. The claimant countries are: China, Vietnam, the Philippines, Taiwan, Malaysia and Brunei (Appendix 1). Brunei is the only country that asserts to be entitled to a part of the SCS without any demand on islands in this Sea. Although the situation receives a lot of media attention the past few years, the rival requisitions of territory in the SCS are not new. Already in 1947 China officially claimed a large part of the sea by drawing a demarcation line which reached to the exclusive economic zones of the other countries that border the sea. This line is known as the nine-dash line, because of the nine dots that were used to mark the claimed area (Appendix 2). It was decided in the Geneva Agreements of 1954 with the settlement of the First Indochina War that the Paracel Islands and Spratly Islands in the SCS were transferred from the French colony Indochina to the new established state of South Vietnam. China did sign the Agreements, but made several claims on the islands in the two decades afterwards and even established de facto control over the Vietnamese Paracels after a naval clash between the two countries in 1974. However, the significance of the islands was not great at the time. It was from the 1970s onwards that the territory in the SCS became increasingly important for the claimant countries due to the discovery of oil in the area.

There were recent clashes between Vietnamese fishing boats and Chinese vessels. According to Vietnamese reports at least one Chinese marine police ship was involved in these confrontations. The relationship between China and the Philippines has also worsened due to

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the territorial dispute after the Philippines took its territorial dispute with China to the International Court of Justice in 2013.\(^9\) For its actions in the SCS, especially land reclamation in the disputed area, China has been criticized not only by many countries in the region, but also by the United States of America (USA).\(^10\) To endorse the rejection of China’s claim, a US navy ship passed one of the contested island groups in October 2015, stating the principle of freedom of the seas and free passage. Beijing called it a provocation, but Washington neglects these protests.\(^11\) It clearly underlined the fact that the USA does not acknowledge China’s stance and it showed its muscles to warn China that Washington is not afraid of a risen China. Moreover, it shows the scope of the issue. The SCS dispute not only concerns the bordering states, but has wider global implications.

The SCS is connected to the Indian Ocean through the Strait of Malacca, one of the most heavily travelled shipping channels in the world. For all countries it is important that a safe passage through the sea is secured which makes the economic, but also political importance of the SCS dispute evident. China is the biggest player in the region due to its economic and military power. Only the USA matches China in these terms. They are represented in the East Asian region via military bases in friendly nations, like Japan, South-Korea and Thailand, and by the presence of the Seventh Fleet. Moreover, the Obama administration has turned its attention more to the Asia Pacific region since 2012, starting the ‘Pivot to Asia’.\(^12\)

Individually, none of the neighbouring countries in Southeast Asia comes close to China compared to its economic and military abilities. However, most nations in the South Eastern region of Asia are united in the Association of Southeast Asian Nations (ASEAN) (Appendix 3). Member states of this association are: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. This association is more an economic organization than a political one. Still the member states try to form a political bloc to prevent China from dominating the SCS. However, not all the ASEAN members are claimant


states and some, like Cambodia and Laos, even obstruct ASEAN to reach consensus on the issue.\footnote{Prashanth Parameswaran, ‘Does ASEAN Have a South China Sea Position?’, \textit{The Diplomat} March 26, 2015. http://thediplomat.com/2015/03/does-asean-have-a-south-china-sea-position/}

The Philippines and Vietnam are the countries that contest China’s claims in the SCS most actively. Especially Vietnam is considered as the main challenger of China.\footnote{Edyta Roszko, ‘Maritime territorialisation as performance of sovereignty and nationhood in the South China Sea’, \textit{Nations and Nationalism} 21 (2015): 230-249.} This is remarkable, yet also makes sense. It is remarkable because both countries are governed by a communist party and the economic ties between both countries are strong. For China the profits of the flourishing trade between the countries are mostly concentrated in the two bordering provinces Yunnan and Guangxi.\footnote{Santasombat Yos, \textit{Impact of China’s Rise on the Mekong Region} (New York: Palgrave Macmillan, 2015), 15-16.} The economic importance of China is much bigger for Vietnam. According to the Observatory of Economic Complexity China counts for almost a third of the country’s imports and ten percent of all the exports goes to China.\footnote{Observatory of Economic Complexity, ‘Vietnam’. http://atlas.media.mit.edu/en/profile/country/vnm} Nevertheless, it is understandable that Vietnam, in spite of the similar communist ideology and governmental system, takes a firm stance against China regarding the recent incidents, like the clashes in the SCS between ships of both countries. It has to protect its borders against foreign intrusion. Moreover, the unilateral placement of an oil-drilling rig only 120 miles from Vietnam’s coast by China in 2014 was an action that has changed the relationship between Vietnam and China dramatically. It has been regarded by Hanoi as an attack on Vietnam’s sovereignty.\footnote{Paul J. Leaf, ‘Learning From China’s Oil Rig Standoff With Vietnam’, \textit{The Diplomat} August 30, 2014. http://thediplomat.com/2014/08/learning-from-chinas-oil-rig-standoff-with-vietnam/}

For its territorial protection Vietnam even improved its relationship with the USA, the former enemy during the Second Indochina War that ended only in 1975.\footnote{Alexander L. Vuving, ‘A Tipping Point in the US-China-Vietnam Triangle’, \textit{The Diplomat} July 06, 2015. http://thediplomat.com/2015/07/a-tipping-point-in-the-u-s-china-vietnam-triangle/} Until the 21st century relations between them remained distant. This changed with China’s actions to support its claim on the SCS and made Hanoi look for rapprochement with Washington. Many countries in the Southeast Asian region consider the USA as the best ally in balancing against China.\footnote{Jaushieh Joseph Wu, ‘The Future of U.S.-Taiwan Relations’, \textit{The Diplomat} May 14, 2014. http://thediplomat.com/2014/05/the-future-of-u-s-taiwan-relations/} Also the Philippines, a former US colony improved its relationship with the USA in recent years after the US military presence in the country had been ended in the 1990s.\footnote{Buszynski and Roberts, (2015), 113.} So, it can be doubted whether the foreign policy of China to act more forcible in the SCS is the best way for Beijing to behave, because this makes the so called ‘China threat theory’, the view that China’s
rise is not as peaceful as China claims it is, more likely to be true.\textsuperscript{21} This theory is based on the Neorealist assumption that a rising power will always challenge the existing order.\textsuperscript{22} With the more assertive attitude of China in recent years, the threat theory is next to the Americans also receiving more attention among Asian politicians.\textsuperscript{23} Another aspect concerns the economic consequences. Conflicts will not prove helpful in improving trade relations. China is very active in making foreign trade agreements with countries in the region and beyond.\textsuperscript{24} This conflicts with the assertive attitude of China regarding the SCS. Yet, China continuously behaves as a regional hegemon. This all raises questions why China acts in the assertive and even aggressive way it does. What are the advantages for China? What are the costs? It is clear that the other countries bordering the SCS do not accept the dominance of China. They seek to cooperate in the ASEAN and some, like Vietnam turn to Washington for support. For China it seems that the outcome of its own behaviour is detrimental in what it is aiming for: being acknowledged as the benign and peace bringing hegemon in the region. It is not making friends in the region and with the rapprochement of Southeast Asian countries towards the USA, China’s biggest opponent regains influence in the region.

The Philippines are also actively contesting Beijing’s claims on territory. It brought forward the dispute before The Hague tribunal which gave verdict in July 2016 in favour of the Philippine claim of its part of the SCS.\textsuperscript{25} However, in this thesis the Sino-Vietnamese case study is chosen due the strong ties between the two countries. Almost a third of the total imports in Vietnam came from China, compared to only 15% for the Philippines.\textsuperscript{26} Moreover, as a former colony of the USA, the Philippines does not share the strong cultural ties with China as Vietnam does. China and Vietnam are governed by a communist party. They have a common idea of a state socialist system and both the economies have been transformed from a completely state led system into a market-Leninist economic system.\textsuperscript{27} Also, both states share antipathy against the USA. It was the enemy for two decades for Vietnam during the Vietnam War (1954-1975) and the USA is Taiwan’s ally since the secession of China in 1949, which makes it impossible

\textsuperscript{21} Full background and elaboration on the ‘China threat theory’ can be found in: Lionel Vairon, Bernard Schatz and Daniela Ginsburg, China Threat?: The Challenges, Myths and Realities of China's Rise (New York: CN Times Books, 2014).
\textsuperscript{22} Paul R. Viotti and Mark V. Kauppi, International Relations Theory (New York: Longman, 2010), 64-65.
\textsuperscript{26} Observatory of Economic Complexity, ‘Philippines’. http://atlas.media.mit.edu/en/profile/country/phl
for Beijing to force Taiwan militarily to re-join China. Additionally, the cultural similarities are also very strong between both countries. The influences of Confucianism are deeply rooted in the society of both the countries.28

This thesis examines the Sino-Vietnamese dispute regarding the SCS. What are the motives of, and what are the consequences of the way of behaving for the both countries so far? This past decade China has shown a more assertive attitude. What made China change its behaviour? Because there are too many aspects possible to be examined, the focus is on the geopolitical and economic interests of the SCS territorial dispute. This focus is chosen due to the theoretical framework that will be used: Interdependence theory. Geopolitics and economic interests are closely intertwined and it seems likely that the behaviour of China is driven by a calculation of gains and costs in geopolitical as well as in economic terms. The country wants acknowledgement and respect in the region (and globally) as a great power, but it cannot achieve this without acting decisively and showing its strength. This is the paradox that China has to deal with in the SCS dispute. Vietnam on its turn has to protect its territory against its much bigger neighbour that has become more assertive on the issue. How does Vietnam respond towards China’s behaviour and what can it do as much smaller nation with less economic and military capacities? Even more, why does Vietnam respond as bold as they do against their bigger neighbour?

All the similarities and strong economic ties between China and Vietnam should at first sight result in a friendly behaviour towards each other, especially because most other countries in the region do not have these common bonds. Yet, despite all these resemblances, both countries take firm positions against each other in the SCS dispute. With all the parallels and lots of economic trade, and at the same time a flagging political relationship between the two due to the SCS dispute, there seems to be a paradox between China and Vietnam. The relation between the two can be described as ‘hot economics, cold politics’.29 One explanation can be found in the patriotist and nationalist sentiments that are very strong in (South) East Asia.30 There is a clear anti-China sentiment among the Vietnamese population that forces the Vietnamese government to decide to act decisively against China, while accepting the fact that this does not help Vietnam’s economy. The role of nationalism on the domestic level in China and Vietnam is likely to play an important role in the foreign policy of the countries. Nationalism emphasizes the explicit aspects that distinguish one country from the other and

creates a feeling of superiority of one’s nation. Two countries that both have much confidence and self-respect due to their very successful economies, and both are stimulating nationalism which can quite easily end up in a situation of conflict.

The theory that is used to analyze the two faced Sino-Vietnamese relations is interdependence theory. Similar with the main emphasis of this thesis does interdependence theory focus on the economic relationship between countries and conflict. There are two sub streams in the interdependence theory. The liberal vision emphasizes peace that is stemming from the interconnectedness between countries due to economic trade. More trade reduces the likelihood of a great conflict between countries because it raises the costs of a conflict. The other view, the realist vision, explains increase of trade the other way around. More trade makes the possibility of conflict bigger, especially when the trade between the countries is imbalanced. Moreover, in the case of a rising power, states will always try to balance against this new power. This is the balance of power idea of neorealist Kenneth N. Waltz.

In this case study, the trade between China and Vietnam is indeed imbalanced. Although both benefit from the mutual trade, Vietnam is the most dependent one in this case. Both countries benefited a lot from the economic transformation since the 1980s and they became economically intertwined with each other and the rest of the world. Vietnam is called the new ‘Asian tiger’ due to its economic success since the 1990s. In the period between 1991 and 2015 the gross domestic product (GDP) of Vietnam increased annually by 6.9%. China even realized an annual increase in the same period of 10.0%, although the annual increase is declining with an annual growth of 7.68% in 2013, 7.27% in 2014 and 6.9% in 2015.

In 1995 Vietnam entered ASEAN in order to strengthen its position in the region and balance against China, and the US at the time. According to the liberal theory and considering the intensive trade between the countries, the assertive attitude of China makes no sense and neither does the forceful stance of Vietnam. The attitude of both countries would harm both their economies. However, from Chinese perspective the trade volume with Vietnam is not

32 Ibidem.
33 Kenneth N. Waltz, Theory of International Politics (New York: Random House, 1979), 118.
37 Ibidem.
substantial, with only 1.9% of the total exports to Vietnam and 1.1% of imports from Vietnam in 2014. In contrast China is Vietnam’s biggest trading partner. It makes it possible for China to take the relative small economic damage the conflict causes. Beijing looks at a wider perspective. There is more at stake for China: its position in the region and even in the world. Its historic position as the traditional ruling power of Asia until the mid-19th century has received more attention in the 21st century. Due to the economic rise and the ambitious plans of the Chinese Communist Party (CCP) leadership, the traditional position as ruling power is set as a new goal nowadays, personified by, the since 2012 Chinese leader, Xi Jinping. This behaviour of China is more in accordance with the realist variant of the interdependence theory.

According to the Realist perspective the more vulnerable position of Vietnam towards China is not desirable from Hanoi’s perspective. Therefore it is of importance to look at the position of Vietnam. Since 1995 is Vietnam member of ASEAN to balance China and it is clearly engaging more with the Americans in this century, as for example is shown by the lifting of the weapon embargo of the US against Vietnam in 2016. In this context, the territorial dispute is not only between China and Vietnam, but it has also a global geopolitical power struggle dimension. The US wish to contain China’s position in the region and also the ASEAN members are involved. Vietnam’s ASEAN membership and interference of the US in the region improves Hanoi’s position in regard to Beijing. This stronger position of Vietnam as member of ASEAN complicates the case for Beijing. The role of ASEAN and the USA in the Southeast Asian region converts the dispute on the SCS from a bilateral into a multilateral one. The reasons behind the way of acting of both countries in relation to ASEAN will also be examined in depth in this thesis. China on its part tries to influence ASEAN by using its economic power. Moreover, the recently growing interest of the US in the region complicates the situation even more. The tensions in the region are rising, but so far fighting has been avoided. All in all, the main question to be answered is: Why are China and Vietnam acting in the territorial dispute on the South China Sea the way they do?

The first section of this thesis will cover the theoretical framework. The main elements of the interdependency theory will be explained by identifying the differences between Realism and Liberalism on the subject of interdependency. After this chapter, the motives of China are

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examined in depth by answering the following sub question: What are the main motives for
China’s behaviour in the SCS dispute? The reasons for acting assertive on the subject of the
SCS are researched by making use of the history of the country and examination of the domestic
developments. The third chapter will elaborate on the question: Why does Vietnam respond so
strongly on China’s actions on the SCS? The interplay between the internal and external policy
will be studied to come to an answer on this question. The role of the wars in the 20th century
and the role of foreign rule will be researched to explain the motives of the Vietnamese
government. The last chapter looks at the role of ASEAN and the US and how Vietnam and
China try to use the organization in their dispute: Can ASEAN function as a balancing
instrument on the subject of the SCS and what is the role of the US in the dispute? In this chapter
the capacities of ASEAN as a security actor regarding the SCS dispute will be examined. The
possibilities and shortcomings as balancing instrument will be examined. Furthermore, the role
of the US as balancing actor is looked at. The historic position of the Americans in the Southeast
Asian region and present ‘Pivot to Asia’ policy make the US-factor another element in the SCS
dispute that has to be taken into account in this thesis. The main goal here is to find out the
consequences for China and Vietnam of the presence of both actors in the region, and the way
they make use of their presence. The conclusion is the last part of this thesis, answering the
questions posed.

Both geopolitics and economic are expected to be part of the explanation why China and
Vietnam act the way they do in the SCS dispute. But, besides these elements I expect to find
out other important elements that can clarify the conflict between China and Vietnam.
According to the liberal variant of interdependence theory both states are not supposed to be
assertive in their behaviour due to the high level of interdependency between the two countries.
The realist vision perceives interdependency as a contributor to conflict and Vietnam as a
member of ASEAN is clearly balancing against China in the SCS conflict. However, ASEAN
is perceived as an economic actor which does not add to the security position Vietnam in terms
military power of vis-à-vis China. Therefore the hard stance of Vietnam is not making sense to
the realists either. Looking at the fact that both visions of the interdependence theory are not
fully able to explain the behaviour of China and Vietnam in the SCS dispute, I expect non-
rational aspects to be the other part of the explanation. Therefore I believe domestic reasons
and especially nationalism are important factors that explain the attitude of Beijing and Hanoi
in the dispute.
Chapter 1. The core elements of Interdependence Theory

1.1 The Liberal and Realist interpretation

In the study of International Relations is an ongoing debate between two different mainstream theories: Realism and Liberalism. These two theories dominated the theoretical debate for a long time with Marxism as alternative. Till the 1980s Realism was more or less the dominating theory. Afterwards, Constructivism gained more influence in favour of Marxism and also other ‘new’ theories were seen as possible substitutes for the mainstream theories. However, Realism and Liberalism are still seen as the two most important mainstream theories.43

The two perspectives contain some similarities, but differ in most cases. One similarity entails the fact that both theories view the world as an anarchic area in which a central authority lacks.44 Also, Realism and Liberalism both emphasize the self-interest of nations in the world and both draw on microeconomics in their explanations.45 However, they diverge in their interpretation of these assumptions. According to realists, anarchy is the natural state of the world, it is not possible to overcome this situation. War is a normal element due to the power struggle of states in the environment of anarchy.46 The liberals in their turn are more positive and see possibilities for states to cooperate to cope with the situation of anarchy instead of ending up in an armed conflict. Despite the self-interest of nations, cooperation is possible. Liberals tend to focus on the absolute gains, the situation in which both states individually benefit from cooperation no matter the relative benefits the other gets.47 Both theories agree on the fact that survival is a primary goal of states. This makes it inevitable that military force is a central component in the national power of states. However, as liberals Robert Keohane and Joseph Nye observe: “particularly among industrialized, pluralist countries, the perceived margin of safety has widened.”48 They argue that the use of force is not seen as an appropriate way to achieve other goals besides military aims, for example economic or ecological objectives. The growing economic and social interconnectedness between nations decreases the willingness to use force against one another that have the same objectives and who share the same ideas. It is not said that force will not be used in any case or against countries that are not

43 Viotti and Kauppi, (2010), 276.
46 Viotti and Kauppi, (2010), 276.
that similar, but in the ideal situation wherein the world is highly interconnected, the use of force will be reduced to its minimum.

Where Liberalism focuses on absolute gains, Realism concentrates on relative gains which means that it is important for states to gain more in comparison to other states.\(^{49}\) In a globalized interconnected world are relative gains harder to achieve since one’s gain is another’s loss.\(^{50}\) Because every country tries to maximize its own gains, the inequality and dependency caused by the system are not helping the states in maximizing their particular interests. The realist vision makes it therefore indeed harder to cooperate in an anarchical world order. Moreover, realists tend to focus on the pursuit of power of states. States are the only important actors according to realists and securing their position in the world is the main objective of states, mainly through the gain of hard power, which is military power.\(^{51}\)

The importance of states is acknowledged by Liberalism, but this perspective also recognizes the essential position of non-state actors like non-governmental organizations and multinational corporations in the world nowadays.\(^{52}\) Realists tend to make a difference between high and low politics. According to realists are the first the most important matters for states and their leaders. High politics deals with military-security issues.\(^{53}\) Low politics concern economic and social issues and according to liberals matter at least as much as military-security issues. Liberalists do not make a clear distinction between high and low politics. Furthermore, they state that economic and social issues can be security issues in their own right.\(^{54}\)

Liberalism focuses more on the economic aspects of conflicts, especially the Commercial Liberal variant. In an interconnected environment, the costs of a conflict will, according to this view be higher due to the harm conflict causes to the established relationships between actors. In their concept of complex interdependence, Keohane and Nye distinguish between ‘sensitivity’ and ‘vulnerability’.\(^{55}\) Sensitivity entails the extent to which one country is affected by the actions of another country and vulnerability means the extent to which a country is able to isolate itself from costly effects of events that take place elsewhere.\(^{56}\) In a situation of strong interdependence, states are highly sensitive and vulnerable towards each other. According to

\(^{49}\) Viotti and Kauppi, (2010), 119.
\(^{50}\) Ibidem, 119.
\(^{51}\) Ibidem, 58-61.
\(^{53}\) Viotti and Kauppi, (2010), 119.
\(^{54}\) Ibidem, 120.
\(^{55}\) Keohane and Nye, (1977), 12-17.
liberals is this an ideal situation, because the costs of conflict are high in a highly interdependent world, which makes it less likely a serious conflict will occur.\textsuperscript{57}

Commercial liberals focus on the trade between nations. As stated by liberalist Charles de Montesquieu: “The natural effect of commerce is to lead to peace.”\textsuperscript{58} Due to the interaction between states on multiple levels which stems from trade, both countries create a basic knowledge of each other. This results in awareness about the behaving and manners of the other which creates mutual understanding between the countries.\textsuperscript{59} This opinion is the more idealistic branch in Liberalism that emphasizes morality and law in the interaction between states and individuals and can be traced back to the writings of Immanuel Kant.\textsuperscript{60} In a situation of mutual understanding the possibility of misinterpretation of actions made by the other is reduced to a minimum. In a situation of high dependency is conflict detrimental against the self-interest of a nation. Simply put, the liberal perspective sees interdependence as something positive in the sense that it reduces the possibility of an armed conflict due to the high costs and the common interest of states in combination with a mutual understanding of each other.\textsuperscript{61}

Next to the effect of trade on the creation of peace, argue Christopher Gelpi and Joseph M. Grieco there is a second and often overlooked liberal argument for the link between interdependence and peace.\textsuperscript{62} The first one is the traditional argument as they state, the fact that interdependence in itself increases the value of peace due to rational calculation of nations. This is in line with Commercial Liberalism as described. The second argument, however, is another condition that finds its origins in the ideas of Kant and his Perpetual Peace of 1795. As Gelpi and Grieco argue, Kant emphasizes the fact that interdependence only add to a peaceful situation when: “the governments of those states are responsive to and representative of a wider rather than a narrower range of societal interests.”\textsuperscript{63} So, according to Kant does the argument that interdependency adds to peace only apply to democracies, or as Kant called it at the time, republics. As a consequence, Kant states that “economic exchange between non-republics is likely to be associated with inequality, exploitation, and ultimately violence.”\textsuperscript{64} Moreover,
Gelpi and Grieco claim: “leaders of democratic states are relatively more concerned about the prospective effects of a breakdown of foreign trade thanks to a militarized conflict than nondemocratic leaders.” However, they conclude all leaders, democratic ones and non-democratic ones, have in common that they want to stay in office. This means state leaders have to take into account the domestic situation when developing their foreign policies.

In contrast with the liberal view of interdependence realists reason the other way around, thus seeing interdependence as a contributor to conflict in international relations. In fact, they agree with Kant on his thought of non-democracies. The two theories acknowledge the fact that states have become more interconnected due to globalization and the subsequent integration into the world market. However, realists are not convinced that the economic value of the relations between states are enough to prevent an outbreak of a conflict. According to realists the causality that liberals determine between interconnectedness and war is not well established. As Kenneth Waltz argues: “the fiercest civil wars and the bloodiest international ones have been fought within arenas populated by highly similar people whose affairs had become quite closely knit together.” Hence realists emphasize the conflictual aspects of international trade transactions whereas liberals emphasize the beneficial aspects.

There are different divisions of realism. Neorealism is a branch of Realism that is more focused on the overall distribution of power of states. Compared to Classic Realism are neorealists more sceptical about the ability to influence the outside world for states due to the limitations on states resulting from the structure. Neorealist Robert Gilpin argues that indeed the economic interdependence has changed international relations since its significant increase during the industrialization from the late 18th century onwards. States have more to gain through economic efficiency, cooperation and international division of labour than through war, imperialism and exclusive economic spheres. But, as Gilpin continues his argument, the self-interest of states as such has not changed. Access to foreign markets, accessibility of raw materials and the costs of interdependence have even increased the chances of conflict.

The element of competition is crucial in Neorealism. This is a consequence due to the realist assumption of anarchy which orders international politics. Kenneth Waltz is a prominent neorealist author on the issue of structure. He describes the balance of power theory in his seminal *Theory of International Politics* (1979). In this system the behaviour of states

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65 Ibidem, 49.
69 Ibidem, 45-46.
determined by the structure.⁷¹ Due to the existence of anarchy states have to secure themselves at all times. There is no higher authority above the state level that is able to force peace. This creates an environment wherein states pursue maximum security for themselves. According to the balance of power theory this mean that every state is limited in its freedom of choice to act by the actions of the others.⁷² Moreover, there will always be a balance due to this constraining mechanism. A rising power will automatically be balanced by one or several states in this structure in order to keep a secure position for each state. As a result, Waltz states that the international system is governed by an unalterable dynamic which forces states into competitive or conflictual rather than cooperative relationships.⁷³

This does not mean cooperation is impossible. However, forming alliances or making trade agreements will restrain states in their freedom to choose.⁷⁴ Moreover, in a situation of asymmetry the greater powers within an alliance are restrained by weaker states. Without an alliance it would not happen that a weak state restricts the freedom of a great power. From the perspective of a weak power an alliance can prove to be helpful in order to bandwagon against a greater power. However, this means the weaker state has to follow the leading state or states. Regardless the status of a country, whether a great power or a weak state, alliances and agreements force states to restrict their freedom.⁷⁵ Realists emphasize the vulnerability of states that is caused by growing interconnectedness.⁷⁶ The relations between states are explained in a dominance-dependence relationship. The dependent state has less capabilities to shape the external environment and is always exposed to the dominant states with much more capacities to behave the way they want. This makes vulnerability not a positive aspect. Dependency should therefore be reduced because a state should always aim to maximize its power position to survive in the anarchic world.

The constraining mechanism and the forced competitive environment makes neorealists sceptical about the increased interconnectedness. Following Gilpin, more trade and more interests create more possible disputes to argue about, which could result in the use of force.⁷⁷ Realists argue that dependency is a catalyst to conflict instead of a deterrence mechanism. This

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⁷¹ Waltz, (1979), 88.
⁷³ Waltz, (1979), 115.
⁷⁵ Ibidem.
⁷⁶ Viotti and Kauppi, (2010), 66.
is especially true in a situation of trade imbalance and unequal access to resources.\textsuperscript{78} In such situation, overlapping claims will happen more often since not every state has the same capability restrictions and this causes more opportunities for conflict.

Other neorealists have developed alternative theories to deal with the problem of insecurity due to the permanent anarchical world and power asymmetry. Kai He integrates neoliberalist elements with neorealist elements in his model of institutional balancing.\textsuperscript{79} By initiating, utilizing, and dominating multilateral institutions, states can pursue security under anarchy. Greater powers play the deceive role in the design and nature of an alliance and in this way they use others to increase their own security position. Smaller states can use an alliance to raise voice opportunities or to cope with potential rivals.\textsuperscript{80} He observes the importance of interplay between the distribution of capabilities and strong economic interdependence that shapes states’ decisions on when and how to employ this strategy. ASEAN is used as an example by He, stating that the Southeast Asian countries preferred to unite in the association above the use of military force, because of the interdependency and capability gap vis-à-vis China.\textsuperscript{81} He’s neorealist colleague Charles L. Glaser makes a distinction between security driven expansion and non-security motives for expansion by states.\textsuperscript{82} Glaser characterizes the latter group as ‘greedy states’. A desire to increase wealth or prestige and to spread a political ideology or religion are motives that he categorizes as non-security reasons.\textsuperscript{83} A combination of security and greed aims to expand, like territorial expansion, is also possible. Bottom line here is the fact that, in contrast to Waltz’s view and that of other neorealists, also non-security issues can be a reason for states to act offensively. Stephen D. Krasner is famous for his regime theory which he defines as “implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations.”\textsuperscript{84} In this sense, international regimes are rules that are accepted by states, and often associated with international and non-governmental organizations, like the United Nations and World Trade Organization. However, Krasner argues that in the end differences in power and interests, not monitoring capacity, determines states’ behaviour in international relations.\textsuperscript{85} In

\begin{thebibliography}{99}
\bibitem{78} Viotti and Kauppi, (2010), 66.
\bibitem{80} He and Feng, (2012).
\bibitem{81} He, (2008).
\bibitem{83} Ibidem, 36.
\end{thebibliography}
other words, regimes can be helpful to avoid uncoordinated action and it could even be a source of power for weaker states. But, the fact that regimes do exist does not mean that states are still acting in their own interest. Cooperation is possible, but it depends on the states interests if and for how long regimes will exist.

All in all, there are different opinions among realists how states should deal with the situation of anarchy or how to explain the current situation of cooperation. In the core they all agree that states are not completely free to choose their own path; because states are constrained by the structure of anarchy. They also agree that security is the most important factor that drives a state in its actions. However, some do not deny that states do combine security reasons with non-security motives.

Summary

Liberalism and Realism are the two mainstream theories that both share some similarities, but when it comes to the subject of interdependence and cooperation both differ in their interpretation of these two concepts. Liberals tend to view interdependency as a positive factor. The liberal claim that interdependency creates peace is twofold. The first argument is the traditional claim that founds its origins in the economic sphere. States are less willing to fight each other on disputes due to the risen costs economically. This implies that interdependency itself creates peace. Moreover, because of the intensified interaction as a result of interdependence states increase knowledge about each other. They learn about the past and are willing to cooperate for mutual benefit. This decreases the chance of misinterpretation which could possibly end up into a conflict. The second argument is derived from Kant’s thoughts. His idea of peace stemming from interdependency is especially true for democratic states, not authoritarian ones. All leaders want to stay in power, but therefore they need prosperity in their country to keep the support of the population. This makes the outbreak of a big conflict less likely due to the damage this will cause to the economy. Realists reason the other way around. From a realist perspective, interdependence is not bringing peace in international relations closer. On the contrary, dependency is a bad thing to happen for states because it makes them more dependent and therefore vulnerable. One should look after oneself and maximize one’s own security position at all time. Being dependent through trade complicates this process. To overcome a situation of dependency, one could cooperate by making alliances in order to balance against another country or bloc of countries. However, it is hard to trust others when

86 Ibidem.
everyone is in essence focused on their own interests. Moreover, due to the emphasis on relative gains is it hard for states to cooperate for it diminishes one’s own power position. Therefore, cooperation is possible, but if necessary hard to achieve and continue, let alone trust. Summing the both stances up, Liberalism focuses on the benefits of interdependency by trade and other mutual contacts and Realism emphasizes the conflictual aspects that come with interdependency.
Chapter 2. China’s motivations for acting on the South China Sea

2.1 China’s opening-up after Mao

The changes inside China after the Mao era that ended in 1976, have been numerous. They had a great impact on the country ever since. The economic development started rapidly in the 1980s. This was mainly possible due to the open door policy, introduced by Deng Xiao Ping who ruled China until 1992, and this also changed the country politically. The opening-up meant for the Chinese government the encouraging of import of advanced technology from the West, giving enterprises more freedom to handle their own foreign trade, and cooperation and integration in the regional and global trade. The rapid economic development made China in 2007 become the second largest export country in the world, after Germany but ahead of the USA. Moreover, in 2011 China overtook Japan as the world's second-largest economy after the US.

Generally the coastal areas were selected by the Chinese government to be the prioritized zones regarding the opening-up policy. People moved from the countryside to these developing cities and this made them develop even faster. Politically, the country also changed after the Maoist period (1949-1976), albeit in a much slower pace and to a lesser degree. The present political system is overall the same as in the Maoist era in the sense that the CCP remains the single and all decisive political force in the country. Still, China has changed a lot in the past few decades and this has also consequences for its neighbouring countries and, due to the scope of the country even for the entire world.

During the Mao era the Chinese were inward focused regarding their policy. In great contrast with this period are the Chinese nowadays very active outside China. Chinese businesses are very busy on the world market and they are diligently taking over foreign businesses to enter foreign markets. Also, the Chinese government is more active, shown for

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87 Cheung Yin-Wong and Wong Kar-Yiu, China and Asia: economic and financial interactions (New York: Routledge, 2009), 44-45.
example by the willingness to contribute more troops to the UN for peacekeeping missions as a responsible great power and the opening of Confucius Institutes all over the world to create more understanding of the China and its culture.  

The grown activity outside China is also of relevance for the situation in the SCS. China is more active in the past years. As stated, the nine-dash line origins already from 1947, but it was not until 2009 that it was publicly declared by the Chinese government, in response to other claims that the nine-dash line is the only correct and acceptable border line in the SCS. A more assertive behaviour since then shows these words were put into action by Beijing as illustrated in the introduction by the case of island reclamation and the recent clashes between Vietnamese and Chinese ships. Because of this behaviour China is seen as big power and the main cause of the renewed growing tensions in the region, especially by Western academics and politicians. To explain why China’s behaviour regarding the SCS has changed, developments inside China and as a result its external behaviour in the recent decades are examined, especially the rise of nationalism and its influence on the Chinese government.

The CCP ruled China ever since Mao took over control in October 1949. It is also from this year on the party does everything to preserve its position as the ruling party. In the authoritarian system the CCP does not have an official challenger as political party. This monopolist ruling position was in danger at the end of the 1980s. The support of the party among parts of the Chinese people was declining with protests as a consequence. This was caused by concerns about the economic reforms that had taken place in China after Mao died in 1976. Concerns were mainly about personal freedom, especially among the students that wanted to choose their jobs themselves, the strong increase of the prices and concerns among the workers in state-owned enterprises about their job security due to growing influences of market forces. This resulted in a climax in the spring of 1989 when the protests of students and labourers against corruption and social injustice on Tiananmen Square were violently suppressed under authority of CCP leader Deng Xiaoping. Together with the collapse of the communist regimes in Eastern Europe later that year and the following period with ultimately the implosion of the Soviet Union, the Tiananmen Square event decreased the legitimacy for

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the CCP to rule the country, and that of the communist ideology. The CCP was aware of this legitimacy problem. Ever since the Tiananmen Square incident the party suppresses every situation that might end up into chaos. To overcome the legitimacy crisis and regain the support of the population, the CCP put even more emphasis on economic development of the country and stressed the importance of nationalism.

2.2 The use of nationalism by the CCP

The idea was that pragmatic nationalism, or patriotism as the CCP prefers to call it to avoid the more negative connotation of the word nationalism, would strengthen the position of the CCP again. ‘Nationalism’ and ‘chauvinism’ are denoted to parochial and bigoted attachments to nationalities, whereas ‘patriotism’ is love and support for China, always indistinguishable from the Chinese state and the Communist Party. As described by Suisheng Zhao, professor of Chinese politics and foreign policy: “Pragmatic nationalism considers the nation as a territorial-political unit, it gives the communist state the responsibility to speak in the name of the nation and demands that citizens subordinate their individual interests to China’s national ones.”

With nationalism, history was rediscovered and used to legitimate the important role of the CCP to continue to rule the country. Especially the century of humiliation was used to show the important role of the CCP in recent history. This century of humiliation was the epoch of foreign rule in China that started after the lost First Opium War (1839-1842) against the United Kingdom. China was forced to sign unequal treaties by western powers and at the end of the 19th century British, French, Germans, Americans, and Japanese competed for spheres of influence within China. The country became ‘carved up like a melon’. Among the humiliations, the ‘Nanjing massacre’, as the Chinese call it, is an important one for the Chinese. In the run-up to the Second World War the Japanese invaded China in 1936 and killed thousands of Chinese civilians and disarmed combatants after it conquered the, at the time, Chinese capital Nanjing in December 1937. The century of humiliation for the Chinese lasted until the victory of Mao and the establishment of the People’s Republic of China in October 1949. In the

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101 Ibidem.
103 The exact number of casualties from the massacre is still a matter of conjecture, estimates range from at least 40,000 to 350,000 killed among the Chinese people.
aftermath of the Tiananmen Square protests the CCP put emphasis on the role of China as victim of foreigners and particularly its own role in exiling the foreigners out of the country after the century of humiliation in 1945 with the defeat of the Japanese.\textsuperscript{104} The victory of Mao, and therefore the CCP, made it possible for the Chinese people that they could be proud of their nation once more. The party presented itself as the only actor able to lead China to prosperity again, like it was in past when the Chinese emperors ruled much of Asia.\textsuperscript{105} In 1997, with the return of Hong Kong to China and the sixtieth-anniversary commemorations of the ‘Nanjing massacre’ a strong desire to wipe away the humiliations of the past was created by the Chinese government.\textsuperscript{106} History became an important binding factor for the CCP to get the support of the people.

Besides strengthening nationalism the CCP sought other ways to re-establish its own role for the country. The CCP stressed its position as the just ruler for its people again. The party should be seen as caretaker of the population as it was in the days of Mao and in the heydays of the old Chinese empire where good emperors ruled well and looked after the Chinese population. The emperors ruled by the ‘Mandate of Heaven’, which was a condition for a regime’s rule, and the rule of virtue and benevolent authority was a principle to measure whether a government was legitimate or not.\textsuperscript{107} If a ruler not succeeded in the latter, it would lose the former too. This ‘mandate’ concept revived. The Chinese were promised an even better future by the CCP. During the 30-years after Mao died, the economy grew 9-10\% each year, and the party was able to fulfil its promises and the people’s expectations.\textsuperscript{108} However, the growth slowed down since Xi Jinping took office in 2012. The growth rate dropped to 6.7\% in the first two quarters of 2016, as a result of a financial crisis in the West in 2008. It is not expected that the economic growth rate will rise above 7\% again in the near future.\textsuperscript{109} Due to the rapid growth during the past decennia the people were satisfied and therefore supported the rule of the CCP. By cause of the slowing down of the economy however, it has become harder for the CCP to keep the faith of the people. So, nationalism became even more important strategy to retain the loyalty of the population.

\textsuperscript{104} Ning Liao, ‘Presentist or Cultural Memory: Chinese Nationalism as Constraint on Beijing's Foreign Policy Making’, \textit{Asian Politics & Policy} 5 (2013): 543-565.
\textsuperscript{106} Peter Hays Gries, \textit{China's new nationalism: pride, politics, and diplomacy} (Berkeley: University of California Press, 2004), 49.
\textsuperscript{107} Zeng, (2016), 63.
The social unrest has been growing over the last years.110 People are not only less satisfied due to the slowing down of the economy, but also because of the downsides that came with the rapid economic development in the previous decades, like massive environmental pollution.111 The environmental problems and public health scandals created unrest which demanded the government to take action.112 After all, a government should rule by benevolence, according to the ‘Mandate of Heaven’. Moreover, massive social unrest could end up in a situation like the late 1980s with the Tiananmen Square event as worst case scenario. The many domestic problems also undermine the trust of the people in the party. This is problematic for the CCP. With the re-use of nationalism, the CCP pictures itself as the embodiment of China. The party forced a revival of Confucianism: it stressed ethical humanism, virtuous rule, harmony, hierarchy and obedience, and people-oriented governance to strengthen the people’s support.113 During his speech at the Fifth Congress of the International Confucian Association in 2014, Xi Jinping referred to the Confucian ideas and the important role Confucianism has played in China’s traditional culture.114 He emphasized the shared cultural background of the Chinese people and stressed the traditional idea of the Chinese nation as one big family. Criticism on the party became the seen as unpatriotic and undermined the unity of the country.115 The party has to retain its position and show its strength and its ability to rule for the people as caretaker, as in the heydays of the ancient Chinese empire as Middle Kingdom. This makes the renewed claim on territory in the SCS a perfect scenario for the CCP, but also a dangerous one.

Because nationalism creates expectations by the Chinese of the CCP to act strong abroad and at home, the party has to find ways to control the feelings of the Chinese. One way to restore trust in the party is the big anti-corruption campaign Xi has launched when he started his presidency.116 The population sees corruption by the CCP civil servants as one of the biggest internal problems of China.117 This damages the image of the CCP as a good ruler. After all, in

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accordance with the normative values of Confucianism, a government is legitimate if it applies benevolent governance.\textsuperscript{118}

A more assertive attitude on territorial issues is another way of restoring the trust in the CCP. Showing the Chinese people that the CCP is defending China’s territory distracts the attention from the domestic problems. Even more, it unites the people in its aversion to other nationals and countries, especially Japan. The atrocities of the Second World War regained extra attention in yearly commemorations and new war museums. In 2010 and 2012 there were conflicts between China and Japan over disputed islands in the East China Sea that both countries claim.\textsuperscript{119} It resulted in boycotts, protests and both governments blamed the other for the outbreak of the unrest.\textsuperscript{120} The Chinese people showed unity and a clear anti-Japanese sentiment which can be seen as a result of the nationalist policy of the CCP.

The same effect goes for the conflict over territory in the SCS. In this case there is a difference when looking at the capabilities of the involved countries. Japan is seen as a big power, especially in economic terms and due to its alignment with the USA also in military terms.\textsuperscript{121} It however, not directly involved the SCS dispute. In the case of the SCS, no country has the economic or military capabilities that China has. This favours the position of China in the row at first glance. Despite the claims made by Vietnam, the Philippines, Taiwan, Malaysia and Brunei, China has taken a hard stance in the dispute and this is especially distinguishable since Xi took office and China actively builds artificial islands in the SCS.\textsuperscript{122} In fact, in the view of the Chinese there is not a dispute, because the other states are former vassal states of the old Chinese empire.\textsuperscript{123} Therefore China claims to have historic right and sovereignty over the SCS. Giving in on this matter would be giving in on its own sovereignty. It would be suicide for the CCP to give in and acknowledge the other countries to be entitled to parts of the SCS. Due to the nationalist sentiments among the Chinese people that the CCP itself has encouraged. The party has no choice but to show its strength because of the created expectations by the Chinese. Moreover, Xi presents himself as a strong leader and therefore has to act in accordance with this attitude.\textsuperscript{124}

\textsuperscript{118} Zeng, (2016), 136.
\textsuperscript{120} Ibidem, 1-2.
\textsuperscript{122} Chan and Li, (2015).
2.3 A revive of history

Nationalism not only aims to strengthen the position of China in the region. China was until halfway the 19th century the political, cultural and economic power in premodern Asia.\(^{125}\) With a sophisticated tributary system the Chinese empire was able to last for centuries meanwhile controlling the neighbouring countries, especially in South and East Asia. The tributary system was focused on peace and economy and formed a set of institutions and social and diplomatic norms that arranged China’s relations in East Asia.\(^{126}\) It was hierarchical and China held the highest rank. The country was therefore called the Middle Kingdom those days. The others, the secondary ranked vassal states were ordered after the cultural similarities they had with China. It was not about the relative power of those states. The secondary states that accepted the hegemonic position of China were free to follow their domestic relations and diplomacy with one another.\(^{127}\) In particular the Vietnamese and Korean elites accepted the tributary norms and ideas. Others, like Japan accepted parts of the Chinese ideas and norms, but seminomadic peoples in the west and north of China rejected most of Chinese Confucian philosophy.\(^{128}\) The vassal states, as de facto independent states, benefitted in terms of their security and economy, because of the support of China. The costs of an arms race or even counterbalancing against China would be much costlier. During these centuries the Chinese considered themselves as superior compared to other people and the other empires, even the European ones were not seen as equal according to the Chinese at the time. This situation lasted till the 1850s when the century of humiliation started.\(^{129}\)

It was this century that the CCP uses as propaganda after the Tiananmen Square protests, and it is still an important part of the education in Chinese schools.\(^{130}\) After the CCP took over control and founded the People’s Republic of China the country became united again. It was the ‘rejuvenation’ of the country; Mao stated in his independence speech in October 1949 that China “had stood up again.”\(^{131}\) It was already at the time a reference to the century of humiliation, that China, thanks to the CCP had overcome this situation. The country was no longer under control of foreign powers and the country was no longer disunited now the nationalists of Chiang Kai Shek had lost the Civil War which was being fought against since

\(^{125}\) Roy, (2013), 11-12.


\(^{128}\) Ibidem, 25.


\(^{130}\) Roy, (2013), 14.

\(^{131}\) David Scott, *China stands up: the PRC and the international system* (New York: Routledge, 2007), 167.
the Japanese capitulation in 1945. The CCP uses this century to show the people the positive role of the party in the liberation and unification of China. With the CCP China will stay united is the message of the party.\footnote{Zeng, (2016), 139.}

Due to the rapid economic development of the last decades also the glorious parts of Chinese history became of importance for the CCP to emphasize. The times when China was called the Middle Kingdom. The rise of contemporary China, or re-rise as some would describe it with the historic position of ancient China in mind, makes the idea of a great Chinese empire revive.\footnote{Stig Stenslie and Chen Gang, ‘Xi Jinping’s Grand Strategy: from vision to implementation’, in: Robert S. Ross, Jo Inge Bekkevold, China in the era of Xi Jinping: domestic and foreign policy challenges (Washington: Georgetown University Press, 2016), 126-127.} This historic and cultural element is of crucial importance for the situation on the SCS. China ruled this sea during a large part of its history and sees it therefore as its historic right to claim the territory.\footnote{Ministry of Foreign Affairs of the People’s Republic of China, ‘Position Paper of the Government of the People’s Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines’, December 7, 2014. http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1217147.shtml} Due to the emphasis on nationalism and the glorious parts of Chinese history, the CCP has generated feelings among the Chinese people that the CCP should be striving for restoration of this great empire again. This desire of a new Middle Kingdom era was boosted by the increased capabilities of China due to its rapid economic development, but also because of the return of Hong Kong in 1997 and Macau in 1999 to ‘the motherland’ and reluctant acceptance of Taiwan that there is only one China and that is the People’s Republic of China. The Chinese government has to agree with its people to keep the support, and will therefore not give in on their claims on territory. Reunion with Taiwan is still of crucial importance for the CCP. No compromise can and will be made. And, out of fear of establishing a precedent, the same principle has to go for other territorial claims like the SCS.

The decisive attitude of Beijing make neighbouring states worry about Beijing’s intentions. Therefore the Chinese government emphasizes the ‘peaceful rise’ theory, or ‘peaceful development’ as the theory was renamed in 2004. With this theory Beijing tries to reassure its neighbours that China does not seek hegemony, its economic and military rise is not posing a threat for the regional stability and all the regional countries will benefit from China’s economic rise and grown influence in the world.\footnote{Ha Anh Tuan, ‘China’s South China Sea Play: The End of Beijing’s “Peaceful Rise”?’, National Interest May 9, 2014. http://nationalinterest.org/blog/the-buzz/chinas-south-china-sea-play-the-end-beijings-peaceful-rise-10489} Also the Five Principles of Peaceful Coexistence, signed with India in 1954 is stressed by the Chinese government to soothe the
neighbouring states. The principles hold basically the acknowledgement of each other’s territorial integrity, non-aggression and peaceful co-existence.\textsuperscript{136}

However, contradicting with these efforts is the historic right the Chinese claim to have that is combined with a dream to become as powerful in the region as it was before the 19\textsuperscript{th} century started.\textsuperscript{137} The ‘China Dream’ is a concept launched by Xi in 2013 representing state prosperity, collective pride and happiness, and national rejuvenation.\textsuperscript{138} It is a reference to the period when China was the hegemon of Asia with control over large part of the continent by means of the tribute system with vassal states like Korea and Vietnam. These times are reviving in nowadays China. The capacities of China have grown significantly over the past decades economically, politically and military. However, the role of China in Asia as sole major power is not equal to the role of the empire back in the days. Japan is also a big power. Moreover, the prominent role of the USA in the East Asian region is worrying and even offending the Chinese. Beijing does not want renewed foreign interference now it has risen again, especially not regarding its policy on the SCS which it considers as its own territory. The Philippines brought in 2013 the SCS dispute between the two to the International Court in The Hague, but China refused to accept the Arbitration.\textsuperscript{139} Moreover, China has rejected the Court’s recent ruling, which was in favour of the Philippines.\textsuperscript{140} To get accepted as a great power if not as hegemon again by the countries in the region, China refuses to get restrained by others, like the International Court or the presence of the US in East Asia. The effect of this bold great power policy thus far has not been as intended.

2.4 The economic value of the SCS

Besides the motivations stemming from the nationalist feelings among the Chinese people there are also economic reasons for China to act assertive in the SCS territorial dispute. There is a lot of fish in the sea which is traditionally an important source of income for the people in the coastal areas.\textsuperscript{141} China is protecting its fishing-industry with an increase of fishery patrol

\begin{footnotes}
\item[137] Chan and Li, (2015).
\item[138] Stenslie and Gang, (2016), 121-122.
\item[139] Shicun Wu and Keyuan Zou, \textit{Arbitration concerning the South China Sea: Philippines versus China} (Farnham: Ashgate Publishing Limited, 2016), 93.
vessels and patrol missions in the SCS. In 2012 China’s State Oceanic Administration (CSOA) reported that 58 patrol missions were conducted in the SCS. At that time, the CSOA stated that it expects the amount of missions will increase. An even more important economic reason for China to be more active in protecting its position can be found in the natural resources that are presumably available in the area. It is not exactly sure how much resources there are to be found under the seabed due to under-exploration and the territorial disputes. According to the Energy Information Administration (EIA) contains the whole of Asia and Oceania a proved reserve of 46 billion barrels of crude oil and 540 trillion cubic feet of natural gas by 2014. To show the importance of the SCS area, the EIA is sure that the area is energy-rich with approximately 11 billion barrels of oil and 190 trillion cubic feet of natural gas in proved and probable reserves. Others assume even a higher number when the less and non-discovered areas of the sea are included. The Chinese National Offshore Oil Company for example even estimates undiscovered reserves of 125 billion barrels of oil and about 500 trillion cubic feet of natural gas.

The natural resources increase the importance of control over territory in the SCS. All the bordering countries want to profit from the wealth that the resources bring with them. Especially China because of its huge energy consumption. Since 1993 China is a net importer of oil and this makes it vulnerable. It is a geostrategic necessity to have a much control over the production of resources vital for its economic as possible. Therefore, to secure its ‘energy security’ is of high priority in the rivalry with the US over dominance in (South) East Asia.

2.5 China’s rising power position

Control over the SCS is also of importance because of trade interests. Nearly one third of the world’s shipping transfers through the SCS. Moreover, seven out of the ten biggest container ports in the world are located in China. The country that controls the sea has an enormous

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geopolitical advantage. With dominance of the sea could China secure its trade interests and control that of others. Although the fishery and oil resources are economically motivated reasons for Beijing to claim the SCS, these reasons can also be related to the nationalist motivation. As stated, the slowing down of the economic growth gives reason for the Chinese people to complain more and put the blame on the CCP for unemployment rates going up. To be sure of the support of the Chinese people has the CCP the necessity to improve the current economic situation. One way of achieving this goal is by acting fiercer on the SCS to reinforce the words with action and claim the resources in the sea.

The rapid development of the last decades made China already a much bigger player in the region and even in the world. China is now one of the major trading countries in the world, the infrastructure in the country has improved and its modernized army has become a serious factor in Chinese foreign policy. It increased its visibility in the world politics by becoming more actively involved in missions for the United Nation.\textsuperscript{149} This way Beijing shows its strength and ambitions as regional big power. Also with the establishment of the New Development Bank (NDB) and the launch of the Asian Infrastructure Investment Bank (AIIB), both in 2014, makes China clear that it wants more acknowledgement as great power, like the US. The development of the NDB is co-created by China and the other BRICS countries (Brazil, Russia, India and South Africa) and the AIIB was a Chinese initiative.\textsuperscript{150} And, although there are over thirty members from all over the world, including European Union countries Germany and Great Britain, the AIIB is acknowledged and accepted as Chinese lead bank because of the large amount of shares held by China and the headquarters location in Beijing.\textsuperscript{151} It shows the growing status of China in the world. It is an extra stimulus for China to continue to act strongly on matters like the territorial dispute on the SCS in accordance with its self-image as great power.

\textbf{Summary}

History is an important element in Chinese culture. The traditional Confucian ideas are uniting the Chinese people and strengthens the people’s support for the government. However, this was not holding the people back from protesting against the CCP in the late 1980s. With the end of the legitimacy to rule the country by the communist ideology and the Tiananmen Square

\textsuperscript{149} Eisenman, Heginbotham and Mitchell, (2007), 97-104.
protests the government had to find a new way to legitimize its ruling position. The justification was found in nationalism and economic development. Because of the opening-up policy of the 1980s did China’s economy grow rapidly in the 1990s and 2000s. This kept the people satisfied and made them support the government. Nationalism united the people and the use of history reassured the communist party of their leading position. The century of humiliation reminded the population of the era of foreign rule and the role the CCP had played to overcome those darkest times in China’s history. However, the economic growth started to slow down since 2012 when Xi Jinping became the new leader of China. He responded with a big anti-corruption campaign to restore the people’s trust in the CCP. Moreover, Xi showed the population that the CCP defends China’s sovereignty by taking a firm stance in the SCS territorial dispute. Due to the nationalist sentiment that the CCP has stimulated itself, the party has to meet the expectations of the people. Although there are economic motivations to claim the SCS, the real motive is found in the domestic situation. With the vision of superiority that dates from the ages of the Middle Kingdom, the historic ruling position of China in the region and the growing unrest due to the slowing down of the economy, the CCP is forced to act fiercely on the issue of territorial disputes to keep the support of the population.
Chapter 3. Vietnam’s reasons to react strongly against China’s SCS claim

3.1 The era of foreign rule in Vietnam

The 20th century was a stirring century for Vietnam. At the turn to this century was Vietnam colonized by France. This had already started in 1885 when the French defeated the Vietnamese after a few decades of growing French influence in the region.152 The Vietnamese got help from the Chinese when fighting the French. The Chinese helped in their own interest, because they saw the rising French influence as a threat to its own southern border.153 But, also the cultural connection between the two countries was a motive for China to support the Vietnamese. Vietnam was for over a thousand years part of Chinese territory and for almost a thousand years part of the imperial tributary system.154 China, as the hegemon during the centuries of the tributary system protected the second ranked states like Vietnam. China kept stability in the region in return for loyalty. Vietnam choose more or less freely to adopt most of the Confucian ideas that came with the Chinese influence.155 Adopting the Chinese practices enabled Vietnam to present itself as a recognizable similar political unit to China, which gave the country a more favourable position in the hierarchy of the second ranked states.156 The close cultural bond made China help its southern neighbour in the fight against France, and this way it could also protect its southern regions against the French. However, due to the supremacy of the French army the Chinese, and therefore also the Vietnamese were defeated in 1885 and China signed the Treaty of Tianjin in which they gave up their long-standing relationship with the Vietnamese.157

Two years after the defeat of the Vietnam, in 1887, the French established French Indochina. The French colony included Vietnam and Cambodia from the beginning and Laos completed French Indochina in 1893.158 The French ruled the colony until the Second World War when the Japanese took over power. After the war the French did not want to give up their colony which resulted in the First Indochina War (1946-1954).159 The country was divided in a

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155 Ibidem, 54-55.
156 Ibidem, 37.
158 Peter Zinoman, Vietnamese colonial republican: the political vision of Vũ Trọng Phụng (Berkeley: University of California Press, 2014), 16.
159 Cotterell, (2014), 290-293.
French supported south and a communist north. Soon after the French defeat the Second Indochina War (1955-1975) started between the communist Democratic Republic of Vietnam in the north, led by Ho Chi Minh, and the Republic of Vietnam in the south that was backed by the USA. The Americans already committed themselves to the war by supporting the French in the First war. The US support was motivated by its war against communism in the context of the Cold War. As part of the containment policy to keep as much countries as possible out of the communist sphere, they helped the French in the First Indochina War. After the French defeat were the Americans, due to their containment policy forced to keep fighting against the communist north which led to the Second Indochina War. The Second war ended in 1975 with the capture by the communists of South Vietnam’s capital Saigon. Although the exact number of war casualties are unknown, it is estimated that over a million soldiers were killed in Vietnam and about 4 million civilians died. Due to its role as ally of the defeated South, the brutal war methods used in the war and its imperialist behaviour, the USA became hated among the Vietnamese. The US army used heavy and chemical weapons that made it hard to discriminate between Vietnamese soldiers and civilians.

3.2 Ups and downs in Sino-Vietnamese relations during the Cold War

Shortly after the war Vietnam became reunified and the Communist Party of Vietnam (CPV) has been in control over in the country ever since. The party was already established in 1930 with help of the Soviets and the first party leaders were trained in Moscow. After Mao’s victory in China in 1949, had the CPV with the CCP a counterpart in its direct neighbourhood during the Cold War. The CPV implemented policies and structures that Mao used in China, like thought reform, land reform and mass mobilization in general. Another element that was copied by the CPV from the CCP was the way they legitimized their rule over the country. As was the case with the CCP, the CPV emphasized the role it played in fighting the foreigner out of the country. The message was that the CPV freed the Vietnamese people from imperial

164 Ibidem, 24.
powers. As the communist leaders in China, the CPV emphasized its role as vanguard of the Vietnamese people.\textsuperscript{166}

Despite the similarities with the CCP and its support during the Indochina Wars the bond between the two communist parties lasted not forever. The CPV had full control in the north since 1954 and during the Second Indochina War the Vietminh received help from its Chinese counterpart, as it had been the case during the First Indochina War.\textsuperscript{167} But, this support was mainly motivated out of self-interest. First the growing French influence in Indochina was a threat for China’s southern parts and during the Second Indochina War the growing influence of the US in the Southeast Asian region was a threat for China. The Chinese supported the Vietnamese, because the Chinese became confronted with a new security dilemma in a nearby region, like it had during the First Indochina War, the Korean War (1950-1953) and the Taiwan Street Crisis (1954-1955).\textsuperscript{168} The presence of the Seventh US Fleet in the Taiwan Street was a threat for China’s security. But, even more worrying for Mao was the flagging relationship with Moscow from the early 1960s. This was caused mainly due to the troubling ideological relation between China and the Soviet Union. But, with the Soviet Union as an ally of Vietnam was Mao afraid that China would face a threat from the north from the Soviet Union and the south from Soviet ally Vietnam. The CPV had strong ties with the Soviet Union and China and Moscow and Beijing had closely cooperated during the First Indochina War. This helped the communists defeating the French and Beijing and Moscow convinced the North to accept the temporary division of Vietnam.\textsuperscript{169} However, ideological radicalization of Mao, China’s security needs, disagreement about the military and diplomatic strategy in the Vietnam War and other issues caused a split between Moscow and Beijing early 1960s.\textsuperscript{170}

The Sino-Soviet split had consequences for Vietnam and its war against the US, but also after the war. The Vietnamese government expected support to rebuild its country after the devastating war and it counted on support from China and the Soviet Union. However, the situation in Vietnam had no longer priority for China after the retreat of the Americans. Moreover, Beijing counted on Hanoi’s gratitude for its support during the two Indochina Wars. Even though China was not willing to support Vietnam that much any longer, it did expect Hanoi not to turn to Beijing’s enemy Moscow for aid. Furthermore, the Chinese turned to the

\textsuperscript{166}Thayer, (2010).
\textsuperscript{168}Lorenz M. Lüthi, \emph{The Sino-Soviet Split: Cold War in the Communist World} (Princeton: Princeton University Press, 2008), 35.
\textsuperscript{169}Ibidem, 35.
\textsuperscript{170}Ibidem, 302.
USA and cooperated with Washington. This had already started in 1969 when the Soviets send over a million soldiers to their side of the Sino-Soviet border. The Soviet threat was concerning Mao that much that he put aside the ideological differences between him and Washington to contain the Soviet influence in Southeast Asia together.\textsuperscript{171} But, as a result of China’s rejection of support, the Vietnamese had to turn to the Soviet Union to get the aid they needed.

The different expectations of Vietnam and China after the Second Indochina War and Vietnam’s rely on Moscow for support worsened the relation between Vietnam and China in the 1970s. In 1979 the Ministry of Foreign Affairs of Vietnam published a white paper after the worsened relationship with the Chinese had come to a climax with a short border war between the two countries that year.\textsuperscript{172} According to the Vietnamese government the Chinese were not reliable as a partner country and the Chinese invasion had not been a surprise to the Vietnamese. Already in 1974 China used military forces to seize control over the Paracel Islands that had belonged to Vietnam till that moment. No country changed its policy as easy as the Chinese according to the statement in the paper, referring to the shift from partnership with the Soviet Union to close relations with the former arch-enemy USA. Also for its internal policy had the Vietnamese critique on its Chinese counterpart, mentioning the prosecution of the former revolutionary leaders in China under Mao’s rule. Another point of critique in the paper was China’s support for reactionary forces like Pinochet of Chile and Shah Pahlavi of Iran, but in particular the support for genocide leader Pol Pot in Cambodia was criticized by the Vietnamese.

Even worse, the Chinese cooperated closely with the US to support the Khmer Rouge of Pol Pot in Cambodia in order to prevent the creation of a new Indochina.\textsuperscript{173} The Khmer regime came into power in 1975 and was openly anti-Vietnam, which resulted in conflicts on the border between the two countries. Pol Pot’s regime undermined Vietnam’s position in Indochina with his policy and this made the Vietnamese government realize that they had to remove the Khmer Rouge regime in order to be able to create a new Indochina under Hanoi’s rule.\textsuperscript{174} The Vietnamese interfered in Cambodia in 1978 and removed Pol Pot’s regime from power. They occupied the country and stayed in Cambodia until 1989. Because of the Vietnamese intervention in Cambodia the Chinese started the border war in 1979 with Vietnam. Vietnam’s actions in Cambodia were backed by the Soviet Union and China was afraid for a new strong

\begin{itemize}
\item \textsuperscript{171} Henry Kissinger, \textit{Over China} (Amsterdam: De Bezige Bij, 2011), 214-215.
\item \textsuperscript{173} Kissinger, (2011), 359.
\item \textsuperscript{174} Nicholas Khoo, \textit{Collateral Damage Sino-Soviet Rivalry and the Termination of the Sino-Vietnamese Alliance} (New York: Columbia University Press, 2011), 120-121.
\end{itemize}
and Soviet backed Indochina at its southern border.\textsuperscript{175} The short war lasted almost a month. It did cost many soldiers’ lives and China failed to force Vietnam to retreat from Cambodia before Beijing pulled back its troops. The relation between Vietnam and China remained hostile during the 1980s due to strong bond between Hanoi and Moscow.\textsuperscript{176}

It took both countries till the end of the Cold War to improve the relationship. The reduced commitment from the Soviet Union to aid the Vietnamese created an opportunity for a Sino-Vietnamese rapprochement. Moreover, both countries were isolated from the West. China after the violent repression of the protests on Tiananmen Square in 1989. Vietnam already from 1975, after the US imposed a trade embargo and prevented international financial institutions like the International Monetary Fund and World Bank to provide Vietnam with aid and loans.\textsuperscript{177} Hanoi and Beijing therefore started to improve their relations for economic benefits, putting aside the political hostilities.

Despite the end of most communist regimes at the turn of 1990s, the CPV in Vietnam stayed in power. The party reformed the political and economic structure of Vietnam already in the late 1980s. In 1985 ranked Vietnam among the five poorest countries in the world measured by its GDP per capita that year.\textsuperscript{178} In the context of rising problems for communist regimes around the world, economic failures in Vietnam in the 1980s and fear to lose its ruling position, the CPV was forced to transform its policy.\textsuperscript{179} In order to solve the economic problems the Doi Moi policy was introduced by the communist leadership in 1986.\textsuperscript{180} With the Doi Moi course (which means change and newness) the centrally planned economy was abandoned for a socialist-oriented market economy. It was a policy which the Vietnamese government partly copied from the Chinese opening-up policy of the late 1970s.

The poor state of Vietnam’s economy led also to a change of Vietnam’s foreign policy. The leadership realized the hostile attitude towards China had to be altered.\textsuperscript{181} The economic importance of China had to prevail over the anti-China sentiment that was felt by the Vietnamese population and CPV, especially due to the border war of 1979.\textsuperscript{182} With the end of

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\textsuperscript{175} Kissinger, (2011), 356-357.
\textsuperscript{176} Khoo, (2011), 151.
\textsuperscript{181} Hiep (2013): 387-406.
\end{flushleft}
the Soviet support and the withdrawal from Vietnam out of Cambodia, the restoration of diplomatic relations with China became possible, for both Hanoi and Beijing. China had started its open-up policy since 1978 and Vietnam wanted to do the same in order to improve its economy. The opening-up and normalization of relations with Beijing was forced upon the CPV due to the poor state of the economy and it was in great contrast to the past decade prior the political normalization. However, the economic costs of maintaining the hostile attitude towards China did not weight against the benefits for Vietnam in case of close economic cooperation with China, even though the war with China was still a vivid memory. Furthermore, also other incidents had taken place after the border war, like a naval incident in 1988 with Chinese ships in which seventy Vietnamese sailors died.\textsuperscript{183} Even worse for Hanoi, China managed to seize some of the Spratly Islands from Vietnam during this confrontation.\textsuperscript{184} Still, the CPV had to change its foreign policy to promote economic growth and keep its position as leader of the country.

3.2 Opening-up to the world after the introduction of Doi Moi

The Doi Moi policy had consequences for Vietnam’s claims on territory in the SCS. Shortly after the reunification in 1975 the government pursued an expansionist policy regarding the SCS in which it included a claim, based on historic evidence, on the Paracel Islands and Spratly’s.\textsuperscript{185} The government published three white papers in 1979, 1981 and 1988 in which it ‘proved’ its historic rights.\textsuperscript{186} Moreover, Hanoi also raised its discontent in the papers about Chinese actions that forced the Vietnamese to abandon the Paracels in 1974 and China’s occupation of parts of the Spratly’s in 1988.

After the introduction of Doi Moi policy Hanoi gradually moderated its tone regarding its claims on territory. Stability in the region became more important for the government to succeed its new introduced economic policy. The CPV put more emphasis on the legal aspects of its claim on territory since the end of the 1980s and did not take any military actions.\textsuperscript{187} The Vietnamese claims were redefined to make it more in line with the international norms of the 1990s. Another result of Vietnam’s changed foreign policy was Hanoi’s ratification of the

\textsuperscript{183} Womack, (2006), 217.
\textsuperscript{184} Ramses Amer, The Sino-Vietnamese approach to managing boundary disputes (Durham: International Boundaries Research Unit, 2002), 7.
\textsuperscript{186} Ibidem.
United Nations Convention on the Law of Sea (UNCLOS) in 1994. The claim based on historic rights on a part of the SCS, the Gulf of Tonkin that is also bordered by China, was abandoned by Hanoi. This made it possible for Vietnam to reach an agreement with China in 2000 to settle the dispute due to the overlapping claims of both countries in this part of the SCS.

Besides better relations with China due to the changed course of Vietnam’s foreign policy, also the relations with the US improved in the 1990s. In the spring of 1991 presented the Bush administration the ‘roadmap’ to normalization to the Vietnamese government. The roadmap contained four steps that were all about Vietnam’s full cooperation and final settlement of the Cambodia issue. After completion of all four steps Vietnam received approval of Washington to have better access to aid and loans from international monetary institutions. The four steps were completed in 1994 and as part of the ‘roadmap’ lifted the USA its trade embargo against Vietnam that year. This enabled Vietnam to develop economically even further.

Another important change was marked by Vietnam’s application for membership of ASEAN in 1994. This regional organization was established by Indonesia, Malaysia, Philippines, Singapore, and Thailand in 1967 to provide a common front in Southeast Asia against the regional communist regimes at the time. The communist regimes in the region at the time were Laos, Cambodia and Vietnam. Now, in 1994 Vietnam applied for membership of ASEAN and one year later became it the 7th member of the organization. It was another signal of the changed way of thinking by the Vietnamese government and abandonment of its ideological policy that had made Vietnam being isolated from the rest of the world before.

The new course of the CPV had a positive effect on the economic situation of Vietnam. From one of the poorest countries in the world in the 1980s, Vietnam became an economic rapid growing country in the 1990s. The GDP grew about 6.9% from 1988 to 1994 and 7.4% from 1994 to 2000. Even the East Asian financial crisis in the late 1990s had little impact on Vietnam’s economic growth. Part of this economic success was a result of its membership of ASEAN. Trade with the ASEAN countries almost doubled, from $4.770 million in 1996 to

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$8.907 million in 2003.\textsuperscript{196} And, in 2015 was the value of trade with ASEAN $41,891 million, which counts for 12.8\% of Vietnam’s total trade.\textsuperscript{197}

The Vietnamese economy is still doing well. According to the data of the World Bank the annual economic growth rate is 6\% in the past five years.\textsuperscript{198} When looking at the economic data the Vietnamese government has succeeded in its aim for more prosperity. Yet, the socialist-oriented market economy also caused new challenges for the CPV. Reform and globalization came at a cost for the party, nonetheless the CPV is still in full control of the state’s policy.\textsuperscript{199} The reforms however dwindled the CPV’s monopoly in the cultural sphere.\textsuperscript{200} Control over social life the CPV had, became more loose. The liberalization of the economy with the opening-up had spill-over effects in other non-economic areas, like the political and legal area. The role of other political institutions has slightly grown since the early 1990s.\textsuperscript{201} It is nowadays also easier for the Vietnamese to communicate their dissatisfaction. The people demanded more freedom in this respect. The growing wealth in the country made modernization possible. Globalization, modernization and the liberalization of foreign trade resulted in more Western, liberal influences in Vietnam. Without the ability to control the social life of people any longer the CPV had to find a new way to remain in charge. The communist ideology that kept the CPV in power lost its use in the post-Cold War era. A new ideological alternative had to be found: nationalism. This became the new glue to keep the country united and safeguard the rule of the CPV.\textsuperscript{202}

Moreover, the people are less restraint in the articulation of their discontent in the past years. Demonstrations are a much more common scene in Vietnam.\textsuperscript{203} Violent police repression, however, is not very effective anymore. On the contrary. The government is being criticized by Western governments for its brutal reaction on the demonstrations.\textsuperscript{204} This is not helping the Vietnamese economy due to the grown interconnectedness with the rest of the world. A negative image could deter investors to invest in the country. The protests are not


\textsuperscript{201} Hofmeister and Lye, (2011), 57.


\textsuperscript{204} Ibidem, 38.
about small problems that were usually addressed to the local authorities. Nowadays the protests are about national problems like human rights abuse, environmental issues, corruption by officials and the timid response of the Vietnamese government against China’s assertive behaviour on the SCS. These are problems that the Vietnamese expect the CPV to come up with a proper solution. Moreover, even within the communist party not everyone is satisfied with the current policy of the party.205

The fact that the economy still grows every year is an aspect that seems to keep the position of the CPV save for now. Still, this provides only a fragile base to build on for the party. Especially because the gap between the rich and the poor had widened since the opening-up.206 The communist leaders have to do more to convince everyone the CPV still deserves to be in power.

3.3 Balancing between nationalist sentiments and economics

The foreign policy of the CPV has been the same for two decades now with the aim of international and regional stability.207 However, due to the growing domestic unrest the CPV has to show it is still the party the people want to support. There are much parallels between the position of the communist party in Vietnam and the CCP in China. Moreover, the CPV has copied many aspects of China’s development path.208 Although both communist parties still have a very strong position in their country, the times are changing and this brings challenges for the establishment. Both derive their present position as leaders from their historic role as liberator and defender of their country and people. Both are reacting in strong terms to the growing unrest to uphold their legitimacy to rule. Focusing on the SCS territorial dispute, will distract the population from the domestic problems.

Another similarity with China is the strong patriotist and nationalist sentiment in Vietnam which finds its origins in the colonial era.209 This was stimulated by the CPV during the Cold War and closely linked to the communist ideology. It helped the party in the early days of the independence struggle to get the support of the people. Its use has evolved over time from an emphasis on class struggle towards revolutionary nationalism, anticolonial heroism and

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205 Thayer, (2010).
national liberation. Nowadays there is still a strong patriotist and nationalist sentiment which is much stimulated by the CPV. After communism lost its attraction in the 1990s, nationalism became the new state ‘ideology’. It is supposed to unite the Vietnamese people in order to keep support for its chosen course. It creates the feeling of a shared history among the Vietnamese people, a shared loss and pain during the Indochina Wars and grievance against others. However, it is also a factor that causes the growing unrest these days, as is shown by the protests due to the timid reaction of the CPV on China’s oil drilling placement in Vietnamese claimed waters in 2014. The CPV gains support from the people with the use of patriotism. Patriotism is defensive and traditionalist in nature. However, patriotism is very closely linked to nationalism which is more aggressive and populist in nature. It is difficult to restrain the nationalist thought among the people. This is especially true where the Vietnamese government has to deal with a rising and more assertive China at its borders.

The younger generation of Vietnam has not experienced the border war between Vietnam and China since this happened already 35 years ago. Still, there is a strong anti-China sentiment alive in Vietnam. A survey in 2014 shows that only 16% of the Vietnamese has a favourable view about China, compared to 76% about the USA. This is remarkable because the Second Indochina War only ended four years before the Sino-Vietnamese border war. What makes these percentages even more remarkable is the fact that the Indochina War lasted way much longer. The same survey also shows that the USA is with 30% at the top of the list in Vietnam when the people are asked to name the most reliable ally. Moreover, in spite of the close economic ties with China, the Chinese are seen as the biggest enemy with 74%. The roles have changed completely in the last decade.

An explanation for this change can be found in the educational system of Vietnam. Although mass organizations and propaganda are much used tools of the government to influence the people, education is the utmost important instrument for the CPV to shape the national identity. There is a ‘Vietnamese-ness’ portrayed in the education material at schools.

210 Sutherland, (2012), 79.
211 Erik C. Paul, Obstacles to democratization in Southeast Asia a study of the nation state, regional and global order (New York: Palgrave Macmillan, 2010), 127.
216 Marie-Carine Lall and Edward Vickers, Education as a political tool in Asia (Routledge: New York, 2009), 141.
which makes the Vietnamese distinct from the ‘other’ and especially the Chinese.\textsuperscript{217} The resistance against China goes back to the eras in which imperial China ruled Vietnam as part of the tributary system. Victories and battles against the Chinese are emphasized in order to show the distinctness between the Vietnamese and the Chinese. The SCS is also called differently in Vietnam. The Vietnamese prefer to call it the East Sea to enhance the characterization of the Vietnamese distinctive identity. The dislike of China was suppressed during the Cold War years, especially during the First and Second Indochina War when the Vietnamese needed the help of China. After the victory in 1975 the dislike of China was activated again, with a culmination in 1979 with the border war. After the hostile period that followed the sentiments and portrayal of the Chinese as the enemy softened again with the political normalization of the early 1990s. However, the new official anti-China nationalist course is not as clear as it is supposed to be. It is even questioned by Vietnamese scholars.\textsuperscript{218} The intention to control the nationalist sentiment from becoming too fanatic by softening the tone against China in the schoolbooks is only partially working. Via other channels, like the media and Internet the Chinese are still pictured as the biggest enemy.\textsuperscript{219} The tone is especially fierce now the Chinese dominate in economic sense and act’s so increasingly assertive on the SCS.

The inability of the CPV to control the anti-Chinese sentiment they have stimulated themselves for domestic reasons became clear after China placed an oil-drilling rig only 120 miles from Vietnam’s coast in 2014. Already earlier that year Vietnamese newspapers broke with the longstanding reticence on reports over the seizure of China over the southern Paracel Islands in 1974.\textsuperscript{220} This annexation already had fed the anti-China sentiment in Vietnam ever since. It came to a boiling point now with the placement of the rig. The rig was protected by approximately eighty Chinese ships, including seven military vessels, along with aircraft support.\textsuperscript{221} Vietnamese vessels in the area were attacked by Chinese vessels with water cannons. Anti-China protests followed and several Chinese factories in Vietnam ended up in

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\item \textsuperscript{217} Ibidem, 143.
\item \textsuperscript{218} Ibidem, 149.
\item \textsuperscript{219} Le Hong Hiep, ‘Vietnam’s hedging strategy against China since normalization’, \textit{Contemporary Southeast Asia} 35 (2013): 333-368.
\item \textsuperscript{221} Ernest Z. Bower and Gregory B. Poling, ‘China-Vietnam Tensions High over Drilling Rig in Disputed Water’, \textit{Center for Strategic and International Studies} May 7, 2014. \url{http://csis.org/publication/critical-questions-china-vietnam-tensions-high-over-drilling-rig-disputed-waters}
\end{itemize}
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flames and Chinese nationals were killed by Vietnamese rioters.\textsuperscript{222} Many Chinese fled to China and other neighbouring countries. The sale of Chinese products in Vietnam dropped heavily.\textsuperscript{223}

The Vietnamese government does not rule by sentiment only. The CPV realizes the economic importance of China. Shortly after the protests started the Vietnamese prime minister, Nguyen Tan Dung, called on every Vietnamese to boost their patriotism to defend the fatherland’s sacred sovereignty with actions only in line with the law.\textsuperscript{224} It shows the dilemma for the Vietnamese government. The anti-China sentiment is never far below the surface, but it needs to be contained to guarantee the Chinese investments in the country for the economy. The economic importance of China has grown too big to condemn Chinese actions with strong words, let alone violence. Both countries are closely connected with each other. Not only in cultural and political sense, because both are authoritarian governed in a similar way by a similar political party, but especially in an economic sense due to the strong economic ties.

However, due to the size of China’s consumer market, Vietnam is particularly vulnerable. China is the biggest trading partner of Vietnam. It counts for almost a third of the country’s imports; ten percent of all the exports goes to China.\textsuperscript{225} After the relations had normalized the two-way trade grew explosively. In 2015 it was worth $66 billion.\textsuperscript{226} Problematic however, is the fact that the large trade deficit is rising for Vietnam. Between 2002 and 2010 the deficit increased eight fold to $12.6 billion in 2010.\textsuperscript{227} Experts warned that Vietnam’s economy was becoming too reliant on China’s economy.\textsuperscript{228} In 2015 the deficit rose to a record level of $32.29 billion.\textsuperscript{229} Due to the dependence on China as the main trading partner the CPV is not able to show a fierce response to Chinese provocations, like the oil-drilling rig placement and building activities in the SCS. Moreover, it has to keep its own people that is taught that China is their ‘sworn enemy’ in control.\textsuperscript{230} It makes clear that the Vietnamese government has to balance between the economy of the country and the expectations of the people of Vietnam to act strongly and even militarily against the Chinese actions in the SCS.

\textsuperscript{222} Hodal and Kaiman, May 15, 2014.
\textsuperscript{224} Buckley and Wong, May 16, 2014.
\textsuperscript{228} Ibidem.
\textsuperscript{230} Lall and Vickers, (2009), 143.
What makes the dilemma even more complicated for Vietnam is the economic value of the SCS. Due to the long coastline bordering the SCS is Vietnam one of the largest seafood producers in the world. About 10% of the labour force of Vietnam is involved in the fishery sector. It is traditionally an important economic sector which stimulates the government to protect the Vietnamese waters. Due to the discovery of oil and gas fields in the SCS in the 1970s, became energy also an important factor in the claim on territory. The offshore location of most of these fields became another reason for Vietnam to protect its claimed territory. Moreover, it involves as many foreign companies as possible in the exploitation of the fields to reinforce its territorial claims and discourage China’s obstruction. These already exploited fields are mainly located in a non-disputed territory in the sea at the southern end of the country. However, further from the coastline are other fields that contain possibly large amounts of energy resources. Those fields are situated in the disputed territory of the SCS and therefore a strong reason for Vietnam not to take Chinese interference in this area lightly.

To secure its sovereignty Vietnam has modernized its army. Although it cannot match China, it has the capacity to attack the Chinese southern commercial hubs Hong Kong and Guangzhou severely, and make a military intervention for China very costly. Moreover, it is not the international pariah state anymore it was during the late 1970s and 1980s. Vietnam is a ‘natural ally’ of the Philippines due to their shared struggle against China in the SCS. The Vietnamese government have given its support to the Philippines in their arbitration case against China. After the court’s ruling in 2016 in favour of the Philippines, the Vietnamese Ministry of Foreign Affairs stated that: “Vietnam strongly supports the resolution of disputes in the East Vietnam Sea through peaceful measures, including diplomatic and legal procedures, without using or threatening to use violence, in accordance with international law, including the 1982 UNCLOS.” Vietnam and the Philippines also held their first naval talks in 2014 and

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Furthermore, the role of the US is growing in the region. Vietnam is focusing more to Washington since the late 2000s to secure its position on the SCS.\footnote{Bates Gill, Evelyn Goh and Chin-Hao Huang, ‘The dynamics of US-China-Southeast Asia relations’, United States Studies Centre at the University of Sydney, June 2016. http://ussc.edu.au/ussc/assets/media/docs/publications/2016_DynamicsOfUSChinaSoutheastAsiaRelations.pdf} Hanoi and Washington have held annual strategic dialogues since 2008, and defence policy dialogues since 2010. Moreover, they conducted their first bilateral joint military exercise in 2010; and signed a Comprehensive Partnership in 2013. The role of the US in the SCS dispute, and its support for Vietnam is growing, as shown by the lifting of the arms embargo of the US against Vietnam in 2016. It is another factor that is used by Vietnam to balance against China in the SCS dispute.

Summary

Vietnam turned from a colonized country at the turn of the 20\textsuperscript{th} century, an isolated country in the 1980s into a thriving and highly interdependent nation in the 21\textsuperscript{st} century. It fought two Indochina Wars with support of the Chinese against the French and Americans to regain and secure its sovereignty. However, Vietnam also fought against the Chinese to protect its territory. The longstanding relationship between Hanoi and Beijing have had ups and downs, and the asymmetry in their relations made Vietnam look for support to protect its position. Especially its position regarding the SCS vis-à-vis China made Hanoi strengthen relations with ASEAN and the US after the Cold War. However, the economic importance of China forces the Vietnamese government to exercise restraint in its policy regarding the SCS. Complicating the situation for the CPV even more, the nationalist sentiments the party stimulated itself created the expectation among the Vietnamese population that the government should act strongly to defend the sovereignty of Vietnam. It forces the CPV to balance between the demands of its people to keep their support and the economic interests of the country.
4.1 The rapprochement towards ASEAN by Hanoi and Beijing

Due to the collapse of the socialist bloc in the late 1980s, the domestic economic problems that emanated from the communist policy and the end of support from the Soviet Union, had the Vietnamese government all reason to change its strict communist course. The introduction of Doi Moi policy in 1986 was the start of the new way of thinking of the communist regime in Vietnam. The government sought support to secure its position regarding China and the US. This was one of the main reasons for Hanoi to apply for membership of ASEAN in 1994. As the Vietnamese foreign minister at the time, Nguyen Manh Cam stated in the ‘new outlook’ on foreign policy: “Vietnam wishes to be a friend to all, regardless of the political and economic system of the other country.” ASEAN membership was granted to Vietnam on July 28, 1995. Membership of ASEAN marked the end of Vietnam’s isolation in international politics.

Because of US military presence in the region since the Cold War era and having many allies, including all members of ASEAN, good relations with the US were also of importance for the Vietnamese government. Moreover, the bond between ASEAN and the US was strengthened in the early 1990s. Malaysia, Indonesia and Singapore concluded memoranda of understanding with the US to allow US warships to use its ports in the context of the ‘China threat’ thinking, popular in US governance circles. These measures were taken to balance against China that developed itself rapidly in the 1980s. With the withdrawal of most of the Russian military presence after the end of the Soviet Union, the US became the most important military actor in the region. Without Soviet support Vietnam had to look for a new patron elsewhere and with China as the biggest threat, the US was seen as the best option. However anti-US sentiments due to Vietnam War needed to subside, which took a while. With the normalization of relations with the US in 1995 and the membership of ASEAN in the same year the Vietnamese government succeeded in its goal of making new friends.

During the 1990s, China also increased its attention for ASEAN as part of its ‘Good Neighbour Policy’. After the boycott from the West due to the violent repression of the Tiananmen Square protests China was isolated and in need for new resources and markets for economic growth. In 1991 sent China for the first time its Foreign Minister to the 24th ASEAN Foreign Ministers meeting. The Chinese repeated their presence in the continuing years at the annual meeting and in 1996 became China’s status updated to being a ‘dialogue partner’. In 1999 ASEAN Plus Three was officially established, which are the ASEAN members plus China, Japan and South Korea. The members meet periodically, but it is only a dialogue platform that helps to coordinate and to stimulate cooperation among the members. Furthermore, besides more attention for ASEAN as a whole, Beijing used the ‘Asian financial crisis’ of 1997 to push Cambodia and Laos into the Chinese orbit in order to get more grip on the association. The association was not able to solve the financial problems themselves, which created the opportunity for Beijing.

Until the financial crisis ASEAN was an economic success, it ranked fourth in foreign trade in the world in 1995 and the member’s economies grew 2% faster in the 1990s, till the financial crisis, compared the average world growth. Despite the economic successes, the organization was established with political goals in 1967. ASEAN had to provide a common front in Southeast Asia against the communist regimes in the region and be a confidence building institute between the five founding member states, Indonesia, Malaysia, Philippines, Singapore, and Thailand. In those days was the focus on politics. In the late 1960s communist parties gaining ground in Indochina. Together with already communist China and North Vietnam, western oriented countries in the region concluded that cooperation was necessary to prevent the communist spread. However, the organization had difficulty to shape the security of the Southeast Asian region due to divergent interests of the member states. During the Cold War era only Brunei joined the founding states of ASEAN in 1984. After the end of the Cold War an opportunity opened for other states in the region to join ASEAN. As stated in the original charter: “all countries in the Southeast Asian region were welcome to participate when

they subscribe to the determined aims, principles and purposes of the Association.”

According to the charter, the aims and purposes focused on cooperation, acceleration of economic growth, cultural development and peace and stability in the region. An adjustment of the policy of Vietnam, and also communist Laos and Cambodia was needed to meet these aims and purposes of ASEAN.

4.2 The growing importance of the SCS issue for ASEAN

Five present day ASEAN member states (Vietnam, Philippines, Indonesia, Brunei and Malaysia) are bordering the SCS. These members are all opposing China’s claims in the SCS, although not all of them are publicly condemning China’s recent assertive behaviour. Vietnam and the Philippines are the two members that contest China’s claims in the SCS most actively. Especially Vietnam is the main challenger of China, be it that the Philippines initiated juridical course by bringing up the case before the court in The Hague.

As stated, Hanoi wanted to join ASEAN to balance against China and the US. But, after Vietnam became the 7th member of the organization, it actively advocated for membership of Cambodia, Laos and Burma, also autocratic ruled countries isolated from the world. Vietnam gave up its dream of a new great Indochina dominated by Vietnam by withdrawing its troops from Cambodia in 1989. However, through supporting the former Indochina countries in their wish also to become a member of ASEAN, Vietnam still aimed to form an Indochina-bloc in the association under leadership of Hanoi.

The SCS dispute was not urgent during the Cold War era, until the 1988 sea clash between China and Vietnam. However, China’s military modernization became more of a concern for stability in the region. Moreover, the ASEAN countries had at the time only less advanced armies which made them vulnerable. They kept strong ties with the US for military protection to be able to balance against China.

Despite China’s rapprochement in the early 1990s, the ASEAN Foreign Ministers felt the necessity to draft a Declaration on the South China Sea in 1992. China had shown its willingness to use force in the SCS during the 1988 clash with Vietnam over the Spratly Islands and it kept modernizing its military. In the Declaration ASEAN members promised to restrain

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from the use of force and solve jurisdictional issues pertaining to the South China Sea by peaceful means.254

Despite closer cooperation, China remained seen with suspicion in the region. The Asian financial crisis of 1997 that hit most of the ASEAN members created an opportunity for China to change the picture of the country as a ‘threat’. China was less affected by the crisis, which enabled Beijing to help the others whose economies were hit hard. Moreover, with the shift of the USA after the 9/11 attacks to focus on the Middle East and Afghanistan with the war on terror, China presented itself as a peaceful rising nation that respected the sovereignty of other countries. China signed the Treaty of Amity and Cooperation in Southeast Asia in 2003. This Treaty, dating from 1976 concluded by the five founding ASEAN members was also signed by the new members of the 1990s, including non-member Papua New Guinea. Its aims are “the promotion of perpetual peace, everlasting amity and co-operation among the people of Southeast Asia which would contribute to their strength, solidarity, and closer relationship.”255

In 2002 have the ASEAN members and China signed a Declaration on the conduct of parties in the South China Sea (DOC).256 In this DOC is stated: “the parties concerned undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force.” The purposes and principles of the Charter of the United Nations, the 1982 UN Convention on the Law of the Sea, the Treaty of Amity and Cooperation in Southeast Asia, the Five Principles of Peaceful Coexistence, and other universally recognized principles of international law constitute the legal framework for the state-to-state relations regarding SCS issues.

4.2 Constraints for territorial claims in the SCS due to ‘ASEAN way’

Most significant long-term effort to bring ASEAN in the Chinese orbit was the creation of the framework for the ASEAN-China Free Trade Area (ACFTA). The ACFTA was signed in November 2002 and came into effect in January 2010.257 The economic ties between ASEAN and China are very strong nowadays. China was in 2015 ASEAN’s biggest non-member trading

partner with 15.2% share of ASEAN’s total trade and surpassed Japan (10.5%), the European Union (10.0%) and the USA (9.3%).

The strong ties between ASEAN and China are also the biggest problem for ASEAN regarding the dispute over territory in the SCS. China’s approach towards ASEAN has worked in the sense that it became the most important economic partner for the association. This makes it harder to act political, let alone militarily against China’s claim towards the SCS. The 1992 Declaration was not backed by any instrument to prevent others to use force in the disputed areas. Neither is this the case in the DOC of 2002. However, despite of declarations and the promise to solve issues peacefully and abide by international law, the tensions are rising in the SCS dispute.

The influence of China since the beginning of the 21st century has become so big for the bordering countries of the SCS to forcefully react to China’s grown assertive behaviour. In order to stop China’s expansion, members have to cooperate to balance China in the territorial dispute. However, the problem for ASEAN is that it is unable to act united on the subject of the SCS dispute. The DOC of 2002 has no legal power to proceed against China. Moreover, only five out of the nine member states are claiming parts of the SCS. Worse for the five claimant members, Vietnam, Philippines, Malaysia, Indonesia and Brunei, is the fact that ASEAN decides only by consensus. Together with the emphasis on harmonious and peaceful cooperation, and respect for sovereignty it is often referred to as the ‘ASEAN way’ in accordance with Confucian values. It is idealistic in essence, because decisions can only be made by consensus. Its motto ‘One Vision, One Identity, One Community’ also emphasizes this idealistic ambitions. Apart from the regional position that connects all of the members, there are lots of differences between them; in political structure, culture, religion, (colonial) history and economic aims. It makes it hard to achieve the motto that strives for complete unity.

The consensus decision making process in the Association and the friendly economic approach of China towards Southeast Asia are important reasons ASEAN struggles with the SCS dispute. Especially Cambodia is acting as puppet state of China within ASEAN. During the Asian financial crisis strengthened Beijing the economic ties and cooperation with

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Cambodia, while other foreign investors were rethinking their investments. Although Cambodia has officially a multiparty democracy system, in reality it is a one-party state with the Cambodian People's Party in power. Even more goodwill by China was created with its decision in 2002 to write off all debts, reported to be worth $200 million, and provide aid without further conditions and tripling its military aid. The Chinese government has supported the Cambodian government with many more loans and favourable contracts ever since.

China’s policy regarding Cambodia has big consequences for ASEAN, because Cambodia is now backing China in the SCS dispute, preventing any common stand against China’s SCS claim. Cambodia is not a claimant party, but is was due to Cambodia the 45th ASEAN Ministerial Meeting in 2012 failed to publish a joint statement. It was because of different opinions regarding the formulation of two paragraphs on the subject of the Chinese expansion in the SCS that the first time in the history of ASEAN a publishing failed. This was again the case in 2016. The Permanent Court of Arbitration in The Hague ruled on July 12, 2016 in favour of the Philippines, stating that China has no historical rights based on the nine-dash line map. In the ASEAN Foreign Ministerial meeting that took place two weeks after the Court’s verdict, the Philippines and Vietnam wanted to refer to the ruling by calling for the need to respect international law in the joint communique. However, Cambodia opposed, causing a deadlock in ASEAN regarding the SCS territorial dispute again. China’s Foreign Minister Wang Yi openly thanked the Cambodian Minister for its stance on the issue. Wang Yi:

“China highly appreciates ASEAN countries, including Cambodia, for upholding and safeguarding justice over the South China Sea issue. History will prove that Cambodia adheres to the right stance, which is not only beneficial to maintaining the ASEAN's unity and the

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ASEAN’s leading role in regional cooperation, but also helps to maintain China-ASEAN cooperation and the overall situation of peace and stability in this region.”

Because of the consensus decision making process it is almost impossible for the ASEAN members to make decisions in case of a dispute. The ASEAN Protocol on Enhanced Dispute Settlement Mechanism is the only dispute settlement instrument, but it is solely meant for economic disputes. The charter of ASEAN remains unclear on the subject of security issues. A possible mechanism in the future is the High Council, which is part of the Treaty of Amity and Cooperation in Southeast Asia (1976). But, the High Council has never been officially established. It indicates that there is mistrust among (some of) the member states in regional mechanisms, and, as for example shown by the Philippines, more trust in international institutions like the International Court of Justice.

Without a mechanism to solve non-economic conflicts in the charter, it will be impossible for individual ASEAN members that claim part of the SCS to achieve their goals via the Association. So far, the stance of ASEAN in the dispute remains neutral and is focused on peace and stability in the region with bilateral solution-seeking between the involved states. Indonesia, by far ASEAN’s largest member measured by its economy and population is, however, recently changing its aloof position towards a less neutral attitude on the SCS subject due to recent incidents between Chinese and Indonesian ships on the SCS near Indonesia. In 2015 newly elected Indonesian president Joko Widodo stated that China has no legal claim over the SCS regarding the nine-dash line. Although, he stated that Indonesia, as member of ASEAN remains committed to the Code of Conduct. In March 2016 an incident occurred between Indonesian and Chinese law enforcement vessels in the SCS. A Chinese trawler was caught fishing in disputed area by an Indonesian patrolling vessel. The event took place near...

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271 ASEAN Studies Centre, The ASEAN Community Unblocking the Roadblocks (Singapore: Institute of Southeast Asian Studies, 2008), 89.
273 Ibidem.
the Natuna Islands, at the southern tip of the SCS which is in the exclusive economic zone of Indonesia. The crew was arrested and while the boat was towed to transport it back to port, a Chinese naval coast guard vessel appeared. This vessel rammed the trawler and the Indonesian ship had to cut lose the trawler. This incident was not denied by China. The Chinese Foreign Ministry called the area ‘traditional Chinese fishing grounds’ and claimed the coast guard vessel had not entered Indonesian territorial waters.277

The incident seems to change Indonesia’s stance on the issue, especially after more incidents were reported.278 It is too early to conclude that Indonesia indeed changed its policy, but on June 23rd 2016, a week after the The Hague ruling, president Widodo held a small cabinet meeting at the Natuna Islands on board of an Indonesian warship that clashed with Chinese fishing vessels earlier in June.279 It is a strong signal of Indonesia towards China. With Indonesia on board, Vietnam and the Philippines would have a much stronger position in ASEAN. With over 70% of the total ASEAN population they are the three biggest member states and they are also among the wealthier countries of the Association.280

4.3 The US-factor in the SCS dispute

Despite a possible shift from Indonesia towards the more assertive stance in the SCS dispute with China, the main problem remains the decision making process of the Association. Therefore, the US is seen as the better option for securing the position of the involved ASEAN SCS claimant countries vis-à-vis China. The Americans are since the start of the Cold War present in the Asia Pacific region. During the Cold War the US in 1954 even establish the Southeast Asia Treaty Organization (SEATO) with Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom, as a kind of Asian NATO. It had the function to form a security bloc against communism in East Asia.281 The Philippines and Thailand were the only Asian regional members of SEATO, but already in 1977 did the organization dissolve. The organization never made it further than a toothless tiger. Disagreements between the major

281 He and Feng, (2012).
powers in the organization, the USA, the United Kingdom and France, and the unwillingness of the US to commit itself in military terms to the organization made it dissolve short after the end of the Second Indochina War.\textsuperscript{282}

Looking at the history as a colony of the US, the turn towards Washington is not remarkable for the Philippines. Only in the 1990s when the US was ordered to remove all the warships out of the country because of the end of communist threat due to the end of the Cold War and due to a grown sentiment of nationalism among the Philippine population had the relation between Manilla and Washington cooled.\textsuperscript{283} However, the political bond remained and the military ties were restored. In April 2016 the Philippines and the USA signed an agreement which permits the US army to use facilities again at five Philippine military bases.\textsuperscript{284}

For Vietnam the approach towards the US is more remarkable in light of the Cold War history. Right after Second Indochina War, in 1975, the US imposed a trade embargo on Hanoi. After the end of the Cold War the embargo was lifted in 1994 and the political relations between Hanoi and Washington became normalized. More remarkable however, is the lift of the arms embargo against Vietnam by the US in 2016.\textsuperscript{285} The USA had started a re-engagement with the East Asian region since 2012 with the ‘Pivot to Asia’ of the Obama administration. After the terrorist attacks of 9/11 in America, had the US paid less attention to the Asia Pacific region. However, with Barack Obama this changed and Washington became more involved in the region to balance against the growing influence of China. The US-Indian rapprochement of a decade ago is also part of this strategy.\textsuperscript{286} With the inability of ASEAN to act as a security actor, the renewed engagement of the USA was especially welcomed by the Vietnamese government. The agreement between Washington and Manilla, the lift of the arms embargo against Vietnam are signals towards China that it still has to be aware of the American influence in East Asia. In light of the rebalancing China Obama has made ten trips to the region during his

\begin{itemize}
  \item \textsuperscript{282} Ibidem.
  \item \textsuperscript{283} H. W. Brands, \textit{Bound to empire: the United States and the Philippines} (New York: Oxford University Press, 1992), 344.
  \item \textsuperscript{286} Harsh V. Pant and Yogesh Joshi, \textit{The US pivot and Indian foreign policy: Asia’s evolving balance of power} (Basingstoke: Palgrave Macmillan, 2015), 24.
\end{itemize}
presidency. In May 2016 he visited Vietnam and made the announcement of the arms embargo lifting. Since then the economic and military cooperation is strengthened.

Due to the rise of China and its behaviour in the SCS Vietnam and the USA share a same concern: containing China from controlling this strategically so important sea. The SCS dispute binds the two countries and the US supports Vietnam’s stance that the issue should be resolved with the use of international law. As stated by Obama in 2012: “China’s both an adversary, but also a potential partner, in the international community if it’s following the rules. So my attitude coming into office was that we are going to insist that China plays by the same rules as everybody else.” The SCS dispute, and more specific China’s assertive behaviour on the issue, is the main reason why the US-Vietnam security cooperation has been deepened since the Cold War.

Still, Vietnam has to keep the economic ‘China factor’ in mind, as has the US. Vietnam has to balance its triangular relationship with Beijing and Washington. So far this works for the Vietnamese, because China is still optimistic about the relationship between the two countries. In 2015 Xi Jinping visited Vietnam for the first time and stated that both countries should “maintain the ‘comradely’ and ‘brotherly’ traditional friendship.” Nevertheless, Washington and Hanoi have intensified their relationship since the oil-rig incident in 2014, with the visit of Obama in 2016 and his announcement of the lift of the arms embargo as climax so far.

Summary

The position on the international scene has improved for Vietnam after the introduction of the Doi Moi policy by the government in 1980s. The relations with the regional countries have much improved, especially the ASEAN members. But, China has also improved its relations with the Southeast Asian countries and uses its ‘economic clout’ to influence ASEAN, especially Cambodia and Laos. China’s influence and the consensus decision making process of ASEAN make it impossible for the individual members to use the Association as a security actor to strengthen their positions in the SCS dispute vis-à-vis China. Therefore, the US is seen

as the best option to balance China. Despite the differences of the past and the Second Indochina War in mind Vietnam even approached the US in recent years. Moreover, Washington responded positively on the rapprochement of the Southeast Asian countries. However, the Southeast Asian countries have to be reserved in their relations with the US taking into account the power position of Beijing.
Conclusion

The SCS territorial dispute is a conflict that can easily end up in an armed conflict. There are many countries involved and none of the involved actors is willing to give in on the situation. Most countries are economical highly connected with each other. In a Realist perspective this means that the involved countries end up in a war. However, some minor incidents aside, this is not the case yet. But, the tensions are growing. This is especially true in the case of China and Vietnam. The two communist ruled countries are fierce in their defence of their claimed territory.

Both countries have a lot in common: the communist ideology, the cultural background and Confucian ideas, the resistance against foreign rulers in their countries, which make them value very much the principle of sovereignty, and the political structure of a one-party system. On top of that both countries are economical strongly intertwined which makes them even more close connected. The economic relationship is however very unbalanced. Vietnam is the smaller one that is economically highly dependent on China, because almost a third of Vietnam’s imports come from China; ten percent of all the exports goes to China. China in its turn is economically not dependent on Vietnam at all given the 1.9% share of Vietnam in the total exports of China and the Vietnamese 1.1% share of the total imports to China. This gives China much more freedom in its actions in the SCS dispute. In the context of the interdependence theory there is a clear asymmetric situation. China can in fact do what it wants which is more or less confirmed by the present behaviour of the country. It has the capacities to do so and it makes use of this strength without powerful opponents that can match China in economic and military terms in the Southeast Asian region. China started to act more assertive in the SCS for geostrategic reasons, eventually security reasons and openly claimed sovereignty over the SCS ultimately in 2009 ignoring the claims and condemnations of others. Although the Permanent Court of Arbitration in The Hague has ruled against China recently, it cannot stop Beijing from acting the way it does in the SCS. China is thus acting in accordance with the Realist idea of power maximizing, securing its territory and power position. Before the 21st century, China was not yet able and willing to act like a big power aiming for regional hegemony. Beijing was constrained by the structure at the time. It prioritized economic cooperation and focussed on domestic development.

The sub question on the reasons why China acts assertively in the SCS dispute is therefore to be answered with a simple: because they can do so. However, as determined this is only part

of Beijing’s motive. The domestic situation and the nationalist sentiments in particular, forces the government to act strongly. These are non-rational reasons that are not taken into account by the interdependence theory. The Chinese people demand the CCP to show that the party defends China’s territory. The party should strive for a new Middle Kingdom era and therefore not give in on territorial issues, like the SCS dispute. These expectations are created by the CCP itself due to its encouragement of nationalism. It results in situations of conflict with other countries and damages the economy of China which makes the dilemma clear for the CCP. The party has to listen to its people to keep their support to stay in power, but also needs a strong economy to be able to provide for its people.

The bold respond of Vietnam regarding the SCS dispute is not helping Beijing. The sub question about the motives for Hanoi to respond strongly against China’s actions on the SCS is also explained with the use nationalist sentiments. Vietnam is not simply giving in on the issue of the SCS dispute, as a smaller country is expected to do by classic realists. To quote the ancient Greek and classic realist Thucydides: “the strong will rule wherever they can and the weak must accommodate to them”. Also looking from a liberal perspective the bold respond of Vietnam makes no sense. Both countries are highly connected and Hanoi is economical very dependent on China. It is therefore risky for Hanoi to respond strongly against China, because Beijing might easily punish the Vietnamese economically with catastrophic effects. However, the CPV has stimulated nationalism, just like the CCP has in China. Therefore the Vietnamese population demand the CPV to defend Vietnam’s territory. More important in this case is the fact that the enemy is China. The history of Vietnam of being as a vassal state of China for centuries and the border war between China and Vietnam in 1979, created a strong anti-China sentiment among the Vietnamese population. This sentiment is stimulated by the CPV due to its use of nationalism, especially in the education system of the country. The Vietnamese government has to control the nationalist sentiments among the population in the SCS dispute and simultaneously keep good relations with China for the economy.

One way the CPV tries to find a balance in its dilemma is using ASEAN as balancing instrument and strengthen its ties with the US. This is about the last sub question posed in the introduction: Can ASEAN function as a balancing instrument on the subject of the SCS and what is the role of the US in the dispute? As a member of ASEAN the Vietnamese government wanted to increase its security position against China in the dispute. Individually Vietnam is not able to balance China, but as member of the Association Vietnam stands stronger due to the

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economic seize of ASEAN. The ‘balance of power’ idea of Kenneth Waltz is clearly visible in this case. Moreover, Vietnam is bandwagoning with the US to strengthen its position vis-à-vis China. Hanoi and Washington have in China a common enemy in the SCS. Because ASEAN is unable for Vietnam to perform as a security actor, Hanoi has turned to Washington. The Chinese influence inside ASEAN via Cambodia and Laos is more or less sidelining the Association in the SCS dispute. Therefore ASEAN proofs to be unable to act as balancing instrument regarding the security position of Vietnam against China and this drives Hanoi towards the Americans for support.

However, in accordance with the liberal vision, Hanoi has to be restrained in its rapprochement to Washington. The economic importance of China is too big. It can be stated that the unfavourable economic interdependence position functions as a restraining factor for Vietnam to act forcefully against China on the SCS dispute. But, without using its military, Vietnam still responds boldly against China’s action which is in contrast to the liberal idea. However, Kant stated that the liberal thought only applies to democratic states. Vietnam and China are authoritarian states which can be part of the clarification why the liberal view cannot explain the behavior of both states. The economic ties do not restrain China, so the idea of Montesquieu that the “natural effect of commerce is to lead to peace” is only partially true in this case. Trade relations with Vietnam and other close ties have not withheld Beijing from seeking confrontation. Moreover, the liberal assumption that states cooperate if all gain from it is also only partially true. ASEAN is functioning as an economic organization and indeed all members are benefitting economically from the cooperation. However, when it comes to security matters, the association is unable to function, also regarding the issue of the SCS territorial dispute. It is clear when national interest have priority, ideals always come second. Still, in the present situation the incidents are, for the time being, minor clashes. This might prove the fact that strong economic ties are functioning as a prevention of a war.

The main question of this thesis was: Why are China and Vietnam acting in the territorial dispute on the South China Sea the way they do? It can be concluded that the theory of interdependence only partially explains the reasons. The grown capacities of China have enabled Beijing to act more assertive. But, this attitude conflicts with the economic interests. A stable situation in the Southeast Asian region proves Vietnam also helpful to stimulate its economic growth. Moreover, Vietnam finds itself in a stronger position due to its membership of ASEAN and the improved relationship with Washington. Grown capacities for China and a favourable shifting balance for Vietnam due to its strengthened relations are part of the explanation why China and Vietnam act fierce on the subject of the SCS dispute. The other
result that is found in this thesis is the role of nationalism in both countries. This confirms the hypothesis posed in the introduction. The CCP and the CPV have stimulated nationalism and are now confronted with the consequences of this policy. The domestic situation in both countries are forcing the governments to act strongly on the matter of the SCS dispute. The slowing down of the economy and a decreasing trust in the CCP forced the party to respond in a strong manner. Not only in the domestic policy, like the battle against corruption, but also in the foreign policy to restore the old Chinese empire. The CCP made promises of a better future for the Chinese population, now China has to act accordingly even though it conflicts with the economic policy of the country. The Vietnamese government has the same dilemma. Unrest due to corruption by officials and the strong anti-China sentiment as a result of the stimulation of nationalism have forced Hanoi to respond boldly to China’s provocations in the SCS.

Concluding this thesis can be stated that the behaviour of China and Vietnam can, however, still partly be explained with the use of Realism and Liberalism. China behaves like a great power as a Realist expects it would do. Yet, it has to be careful and use its influence on ASEAN to not let this economic bloc turn against it. Individually the ASEAN countries are too weak, but together they can harm China’s economy substantially. Vietnam in its turn is much more constrained due to the economic dependence on China, which is in line with Liberalism. Moreover, it is balancing and bandwagoning as is in accordance with neorealist thought. However, as find out the behaviour of Beijing and Hanoi cannot fully be explained with the use of the liberal vision or realist vision of interdependence theory. This due to the non-rational, emotional factor in the SCS dispute. Nationalism cannot be explained by Realism or Liberalism. The nationalism aspect is part of the identity of the countries, which is more in line with Constructivism.

If it comes to a war in the future is not sure yet. It is clear that tension are high at the moment. And, what is more, China is balancing against the growing influence of the US in the Southeast Asian region. As announced by the Ministry of National Defense of China the Chinese army will perform a joint maritime exercise with the Russian army in the SCS in September 2016.295 It shows the dynamics of the SCS conflict. During the 1950s China cooperated with the Soviet Union, during the 1970s they did with the US and the Soviets were their enemy. Nowadays they lean over to Russia again and are the Americans seen as the biggest threat to China’s interests. It makes clear that the tensions in the SCS region will not be over soon and the outcome will be hard to tell by any theory.

Appendix 1.

Map of Southeast Asia.
Appendix 2.

Map of the South China Sea and the Nine-Dash line.
Appendix 3.

Map of the ten member states of ASEAN in 2016.
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