

South China Sea: The Dispute Creates Capital

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Abstract: *The South China Sea hosts immensely rich underwater assets and proves to be a commercial gateway for the international community. The 3.5 square kilometers sea is one of the world's busiest route for ships that holds multiple claims from the bordering states. The territorial claims from the bordering states, its contradiction to the maritime law and the interests of big powers such as USA, Russia and India makes the south china sea clash a hot topic for discussion in the international Relations discourse. Geographically South China Sea is important due to its strategic security issues and the claims somewhat violates the international law. But it is understandable that the International politics rest upon this contradiction of interests and the South China Sea clash is profitable economically as well as politically. That is why they chose a statues quo and continue creating capital from this maritime conflict.*

Key Words: South China Sea, Economic Interests, Global Politics, Sovereignty Dilemma, Armament, Maritime Law

Introduction

“All nations want peace, but they want a peace that suits them.” – Admiral Jacky Fisher (Royal Navy), 1894.

The South China Sea is a disputed water body that holds several claims from the bordering states, and interests of some major powers, and international law interferes with promoting peace in the region. It is a critical commercial gateway for the world powers in terms of trade and other economic activities, enhancing the area's power politics. This complex territorial dispute in the South China Sea has caused military conflicts and political tension within the region and throughout the Indo-Pacific (Lowy Institute, n.d.). In addition to its geostrategic significance, the South China Sea plays a significant role, hosting some of the critical economic and security choke points. The South China Sea is circumjacent primarily by China, Cambodia, Brunei, Indonesia, Malaysia, Singapore, the Philippines, Thailand,

Taiwan, and Vietnam. However, other countries such as the Russia, United States, South Korea, Japan, India, and Australia are also interested and involved in the region as stakeholders. Given that around 80 percent of world trade volume and 70 percent of its value is transported by sea, according to the United Nations Conference on Trade and Development (UNCTAD), the South China Sea holds significant importance for trade, not only for neighboring countries but also for industrialized states like Japan and South Korea, which heavily depend on it for their supply of raw materials, fuels, and export routes. In this context, the global politics is largely driven by economic interests, and every water body plays a crucial role in facilitating international trade. However, the South China Sea stands out due to its unique importance for various states implicated in the region.

The South China Sea is a region with significant mineral deposits and abundant

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fishing resources. The ongoing complexity of the territorial disputes in this area is believed to stem from the potential presence of untapped reserves of oil and gas (Zorlu and Alam, 2019). The bordering states of the South China sea are mainly developing countries, and fishing can be vital for the economies. The claims made by various nations regarding the South China Sea are of utmost significance due to the immense economic value derived from its fertile fishing grounds. Additionally, mineral extraction in this region is vital to the economies of the countries that share its borders.

While the other countries bordering the South China Sea have made claims in accordance with international law, People's Republic of China's claims in the region are heavily influenced by power politics. China has gone as far as creating new islands, and building technologically advanced military installations. These islands are militarized with modern seaports and airports that have cruise missiles, radar systems, and fighter jets (Global Conflict Tracker, n.d.). These islands are spreading out china's military power in the world. The "nine-dash line" by mainland China encompasses nearly 90% of the South China Sea and it negates the legal claims of the other bordering states (Sands, 2018). Chinese claims in the sea at one point contradicts the claims of other neighboring states and on the other side it denies the articles of international maritime law. Along with the undeniable importance of this region as economic choke point, the strategic interests of other powerful states and the bordering states protecting their EEZs Are collectively struggling against China. Whereas, China is in search for regional hegemony in this water body to ensure the protection of its core and its interests overseas making the South China Sea a hot topic for the global politics.

Furthermore, the South China Sea conflict is of great importance, not only due to the strategic location or the economic perspective of the sea, but because it proves to be a glowing platform for arms sale to the region. Like many other conflicts and disputes, where some states are fighting for their territorial integrity, the others are promoting the violence to sell arms and exploit the political structure of the region in their own interests.

Eco-political Scenario of the South China Sea

From 1839, the First Opium War to the end of the civil war in 1949, waters around China was filled with foreign battleships in struggle to control of Chinese territory. China has a strong will to support its core, thus the waters around its borders are now floating the Chinese warships and "reclaiming" the "historic waters" of the South China Sea. The Chinese Foreign Policy is substantially driven by the urges of economy, politics and security, and their South China Sea Policy portrays in different perspectives ranging from the enhancement of security of the nation i.e. defensive realism to the economic and strategic needs.

In 2017, a report published by world trade organization identified that about 25% of the world's transporting passes through South China Sea. This shipping route holds trade of worth 3.37 trillion dollars every year (Ercok, n.d.). The trade value of this route is not the only attraction point of the sea but the energy trade is also a very prominent part of the South China Sea. According to the China National Offshore Oil Corporation, in November 2012, there were approximately 500 trillion cubic feet of gas and 125 billion barrels of oil reserves located beneath the surface of the South China Sea. In response to the data given by CNOOC about the gas and oil reserves underneath the sea bed, the USA Geographical Survey published a comparatively lower estimate of these reserves. The Geographical survey of United States stated that nearly 11 bbo of oil and 190 tcf of gas lies under the South China Sea waters (Hong, 2017). In 2012, another survey conducted in United States of America concluded that there is highly probability of around 160 trillion cubic feet natural gas in South China Sea (Asia Maritime Transparency initiative, n.d.).

The geopolitics and geo economics has historically been influenced by the territorial possession of either water or land of the concerned states. The territorial possessions has also been the indication of state power and sovereignty. But with the modernized standards of power and politics denies and condemn the illegal expansion of territory. Therefore, People's Republic of China's claims of the South China Sea on historical

acquisitions, are not suitable to the modern society. But the significance of South China Sea is vital for China as it is the backyard of China, and China cannot let its rival states get into it conveniently.

The South China Sea holds great significance for the parties involved in the ongoing conflict, with economic and strategic interests being the primary drivers for countries like the United States, India, Japan, and Australia. Of all the claimants in the region, China, being the most powerful, has been the key instigator behind the escalating tensions in recent years (Geopolitical Monitor, 2018). Where China has been claiming the nine-dash line in terms of its territorial expansion, the rest of the states, opposing Chinese claims, are much more interested in the power and economic politics in the region.

The Modi government in India has given much attention to the Act East policy, under which they are taking part in the South China Sea conflict. India's fascination in the South China Sea also stems from the significant trade connections it shares with East Asian nations and the Pacific region (Jawli, 2016). There are historical traces of Indian interest in the ASEAN states due to their Look East policy (Villaruel, 2015). And now Modi's Act East policy has further escalated the Indian interests in the South China Sea (Anand, 2019). Australia pursues the same patterns of concern in South China Sea. There is approximately 60% of Australian trade flow through the waters of South China Sea (Bateman, 2015). Whereas, politically Australia US alliance is a strong reason for Australian presence in the region and it could lead to Australia supporting US efforts to counter China in the area (Austin, 2015).

The South China Sea is considered a condemning trade route due to its role in facilitating approximately one-third of the world's oil and half of its liquid natural gas trade. Furthermore, the region is responsible for approximately half of the global annual trade fleet tonnage (eia Beta, 2019). The significance of the South China Sea is well-established, as this region is not only of significant geographic value but also holds immense economic rewards. The vast reserves of energy and minerals beneath its waters amount to hundreds of billions of dollars, while

the South China Sea serves as both a crucial entry point to China's surrounding regions and a vital global trade channel. Given the high geopolitical and economic stakes, it is not surprising that the region has become a hotly contested battleground for global competition

The "SOVEREIGNTY DILEMMA"

China's campaign to have command over the South China Sea and its resources, has made USA concerned over the dispute. The USA's concerns over the conflict are not without the reason because China insists on total claim over the area and wants an indisputable sovereignty over the sea. There are other claimants Malaysia, Brunei, Vietnam and the Philippines, these bordering states not only are the legal claimants of the sea but also has their economic and political interests in the sea.

In 1978, the states started claiming the different zones and islands in the sea such as Spratlys and Paracels Islands that possess fishing areas and rich natural resources. For some states if these claims are the question of their sovereignty, for other states these claims are diplomatic tools to interfere in the region. Under the International Law, China maintains that no foreign military is allowed to conduct intelligence gathering in its exclusive economic zone but according to United States America the claimant countries such as Philippine, Brunei, Malaysia, Vietnam and Taiwan should pursue the freedom of navigation clause of the UN agreement on the laws of sea. (Global Conflict Tracker).

The South China Sea conflict is not a bilateral dispute but a multilateral one where many states are confronted. China and Vietnam had been hostile over the energy-rich water of the South China Sea (REUTERS, 2019). The government of China has recently cautioned Vietnam against taking any actions in the South China Sea that could complicate matters and disrupt stability and peace in the region, as well as bilateral relations between China and Vietnam. (Panda, 2019). Vietnam is not the only country subjected to intimidation in the region; the Philippines has faced similar challenges. In 2016, the Philippines lodged a case with the Permanent Court of Arbitration challenging China's claims over the waters. (James Pearson, 2019). It is understandable to have legal support for a legal matter. Still, when it comes to the ground, every state needs a

strong diplomatic and political structure to win its territorial sovereignty whenever it is violated. China has enough money to have expensive claims, i.e. building islands and naval patrols in the water of South China Sea. No other state in the region has enough capacity to stand by its claims. That is the major reason why the South China Sea is not only a significant sea lane but the Chinese and USA's military activities has made it at sovereignty dilemma for the bordering states of South China Sea. It is concluded that South China Sea is hosting a global issue with potentially serious consequences (BBC News, 2016).

Interests of China and the Major Powers

The US-China rivalry is undeniable and where China is focusing on economic and political expansion, USA tries its level best to contain Chinese expansion. At one place where China claims the South China Sea as their territorial waters, that is where the Russia, United States, Australia and India have strategic interests in the premises. Whereas the bordering nations of South China Sea have their territorial sovereignty at stake and before they struggle for power and politics in these waters, they are striving for their legal territorial claims over the water.

The United States has a clear stake in the South China Sea, along with several other nations. One of the primary interests for the US is to maintain a conflict in China's backyard. The US naval exercises, sanctioned under the UNCLOS' freedom of navigation clause, serve as a check against China's Nine-Dash Line claim covering the entire sea. This stance by the US has provided assurance to other countries surrounding the South China Sea. While the US has pledged to defend freedom of navigation in the region, it has also made it clear that it will not challenge China's presence in the sea. (Buszynski, 2017). It is an act to make China clear that international law is the supreme law and will be followed. The US has a tendency to utilize its power and influence wherever and whenever it deems necessary to serve its national interests. Within the "Indo-Pacific Strategy framework," the US has caused a geopolitical disturbance in the South China Sea by conducting naval exercises that have further complicated the maritime security situation in the region (Shicun, 2019).

The Chinese regularly objurgate the United States of America for "tampering" in the area and china has strong condemnation of the fact that why USA takes a stand on the issue. China believes that the US is creating an unreasonable chaos for China and preventing it to become a great power. The Chinese urge the USA to abandon the sea and withdraw from the western Pacific (Buszynski, 2017). USA's presence in the region is considered as a healthy threat because the USA's support to Taiwan is a major setback to China's integrity and power. China's defense minister has admonished the United States against making provocative gestures over Taiwan and the South China Sea, but added that inter-military relations between China and USA could help stabilize the volatile relationship (Zhen, 2019). But despite of collective struggle for peace, states are taking unilateral steps to attain access to energy (Hart, 2016).

The global politics does not only revolve around the interests of China and USA, but Russia also plays an important role. The South China Sea also hosts the interest of Russia, which historically has been marginal. In the early 2000s, Russia's withdrawal from Cam Ranh Bay in Vietnam made its presence scarce. Russia has not shown much interest in the regional disputes of the South China Sea because they have relatively weak and limited interests in the region. In addition, Russia's Foreign policy in the area is to encourage the diplomatic solution of the disputes and maintain bilateral relations with Vietnam and the Northeast Asian states, which implies that they did not have much at stake in the South China Sea (Tsvetov, 2016).

In Saigon, about 40 years ago the Vietnamese bravely defended of their country against USA using the Russian arms. Vietnam purchased the military power of one superpower and defeated another superpower (Simha, 2015). Russia's neutrality in the region is not irrelevant, but it is a long-time arms supplier to both China and Vietnam. The recent visit of Vladimir Putin to Vietnam has been concluded by seventeen bilateral agreements, including the oil, gas and energy sectors and arms supply by Russia. Vietnam's armed forces are highly dependent on Russia. Between 1993 and 2000, Russia sold twelve Su-27SK and Su-27UB Flanker jet aircraft, four radar systems,

two missile attack corvettes, and other military utensil to Vietnam (Thayer, 3013). This military buildup, including corvettes, frigates, fighter jets, and missile defense systems, has given Vietnam the means to retaliate and potentially deter China. It is apparent that Russia has no interest in resolving the conflict since it would negatively impact its arms sales market (Tsvetov, 2016). These facts make it quite clear that Russia doesn't want the dispute to end so that their market of arms sales flourishes.

From 2005 to 2014, Vietnam's military spending raised by nearly 400% and their arms deals were supported by United States and the weapons ban was lifted from the country. And contrary to Russia's arms sale to Vietnam, The United States wants Vietnam to prioritize American armament over the Russian weapons (Insinna, 2018), but the experts concluded that this transition is hard to come true because the complication and cost of the American-made technologies is not convenient.

The Indian interest in the South China Sea is undeniable as Shivshanker Menon stated that there should be free navigation in the sea because it is significant for the global trade (The Economic Times, 2018). The Indian Navy chief, D.K. Joshi stated that Indian navy will be there and exercise their abilities to halt the economic interests of India in the South China Sea (Pant, 2012). India's continuous moves to enhance relations with Russia and Japan, predominantly in security matters, proves that India is striving for a much bigger role in the naval contest of the South China Sea to countermand a surging China (Singh, 2016). Despite the 2002 Joint Declaration, China's constant military buildup has taken the India's Act East Asia Policy to be safeguarded by India. The Modi government has realized its geo-economic and strategic curiosity in South China Sea, thus at the 2014 East Asian Summit, India along with the USA and Vietnam vowed its support to safeguard the freedom of navigation and maritime security in the region (Suresh, 2016). Australia's stake on South China is very simple, Australian Defense Minister Kevin Andrews strongly condemned the utilize of "coercion and violence" in the disputed South China Sea because Australia has deeper defense ties with "key strategic partner" India, also inclined for a quadrilateral naval exercise

with USA and Japan as was done in 2007 (The Economic Times, 2018). To deter the Chinese aggression and have diplomatic presence in the region, Japan has sold military equipment and ships to the Vietnam and the Philippines (Global Conflict Tracker). And there are many other factors that prove how the conflict of South China Sea is a blessing for these states.

Conclusion

South China Sea is among the most complex and debatable sea conflicts in the world. The scholars of international Relations and strategic Studies has given their opinions that the South China sea dispute would prove to be a deadly conflict, if escalated, at any point because it can highly influence the global trade, stability and peace. It is the hypothesis that the South China Sea clash could result in a marine security crisis due to its two major aspects: the strategic location and resources (Erkoc, 2019). The significance of South China is unquestionable, and some of the scholars have recommended that the South China Sea could be "Asia's Mediterranean" or a "new Persian Gulf" and the estimates of potential oil resources given by Chinese sources are far higher than other estimates (Hong, 2017). Does this significance imply any multilateral war upcoming in the region? No, the above research has clearly displayed that there is no such aggressive policies or intentions of any of the regional states. This conflict, if at one hand, is a pushback for the developing bordering states, on the other hand provides a more convenient platform for the major powers such as India, USA, and Russia to sell armament and contain China's rise as the global and regional hegemon.

The Territorial disputes prove to be a risk to regional stability and create uncertainty in the peace and security of the region. But it is said that war creates capital. If it bothers someone, it definitely will nourish someone else's interests. The involved states want the status quo because:

1. Instability in backyard of China will reduce the China's benevolent rise in global politics.
2. The insecurity in the region would make the states to have strong defense, thus it makes a healthy market for arms sale.

3. No state want war in the time of economic supremacy, USA would never go for war with China as their trade ties are of much significance and the China's military buildups makes it predictable that war in South China Sea will have no gain but devastation.

It can be concluded that the region will be in the conflict till it is nurturing the strategic gains of the involved in the conflict. For the bordering states, which has their sovereignty at stake, are being supported by the capitalists states to create a stir in China's regional hegemony.

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