



COVID-19: CHINA'S FOREIGN POLICY IN THE SOUTH CHINA SEA

Date: July 16th, 2020

Disclaimer: This briefing note contains the encapsulation of views presented throughout the evening and does not exclusively represent the views of the speaker or the Canadian Association for Security and Intelligence Studies.

KEY EVENTS

On July 16th, 2020, the Canadian Association for Security and Intelligence Studies (CASIS) Vancouver hosted its third digital roundtable event of the year, *COVID-19: China's Foreign Policy in the South China Sea*. The presentation was conducted by guest speaker Mr. Brett Witthoeft, senior analyst in N39 International Engagement, at Maritime Forces Pacific (MARPAAC) HQ at CFB Esquimalt, Canada's west coast naval formation. Mr. Witthoeft's presentation gave an overview of the South China Sea (SCS) and its importance as well as how this fits into the larger picture to the rest of the world. Subsequently, Mr. Witthoeft answered questions submitted by the audience, which focused on the ramifications of the SCS conflicts.

NATURE OF DISCUSSION

Presentation

The SCS is an important factor that helps explain China's aggressive foreign policy, which also has implications for Canada and the West Coast, such as an escalation of trade disputes. The SCS is potentially very rich in oil and natural gas, but "companies do not want to get involved" due to ongoing disputes and logistical difficulties, Mr. Witthoeft states. The SCS is an important region for fisheries and maritime transportation, thus it is in the state's interest to keep the sea lanes open. However, since landmasses generate maritime entitlement, the states that surround the SCS are in constant disputes over islands, territory, and entitlement, making it a very complex region.

BACKGROUND

Presentation

Disputes over the Spratly and Paracel islands as well as disputes over maritime territory are closely related, and they create a third dispute about whose rules should be followed. The United Nations Convention on the Law of the Sea (UNCLOS) agreement is currently signed by most nations, with the major exception being the US. Meanwhile, China is arguably trying to change the UNCLOS regime to their advantage. The competition between China and the US makes it easy for a middle power like Canada to get swept up in their disputes. Therefore, it is beneficial to pay attention to the legal cases going on in that region as some of them may be of interest to Canada. The SCS is home to an array of legal and environmental issues as well as disputes over resources, territory, and entitlement.

Although most of the land features in the region are significantly small, many states, not just China, have built their landholdings that range from landmasses to full military bases. Additionally, the SCS is a very busy part of the world for shipping, which adds to the complexity of the region. The basic premise of UNCLOS is that the land defines what happens at sea. Theoretically, whoever controls the landmasses in the SCS also controls the waters around them. The countries involved in maritime territorial claims in the SCS region include China, Vietnam, the Philippines, Indonesia, Malaysia, Taiwan, and Brunei. The land that a state has control over is that to which it has exclusive access to. There are three categories of entitlement:

1. Low tide elevation - land below the surface of the water at low tide (gets no maritime entitlement at all).
2. Rock - land that stays above the surface of the water at all times (gets 12 nautical miles of territorial sea).
3. Island - gets similar maritime entitlement as coastal states' main water (200 nautical mile Exclusive Economic Zone).

Since the early 1990s, the gap between energy consumption and production in China has widened significantly, making China the largest importer of oil in the world. The vast majority of China, Japan, and South Korea's natural gas and oil comes from the Middle East and North Africa. The oil and natural gas have to be transported by ship not only because there is not a good pipeline network but also because it is the most economical means of transportation. The vast geography, the difficult terrain, and the ongoing insurgencies and disputes in where the

pipelines could be are the reasons there are no good pipelines. As a result, tankers from the Middle East and North Africa have to travel through the Strait of Malacca into the South China Sea and up to Northeast Asia.

The SCS is potentially very rich in oil and natural gas on a level comparable to Iraq. These estimates are mainly within the economic zones of the SCS and not within the center, which is the region of disputes. These disputes and some logistical difficulties seem to be the reason why companies are reluctant to get involved in that region. Furthermore, closer to the center of the SCS is very deep, and not many companies can operate that deep. Deepwater drilling is difficult and expensive; the further away from the shore, the more logistics are required and the worse the weather gets, which is an ongoing hazard.

Fisheries are a source of food and income for countries next to the SCS; however, they are highly overfished and moving towards collapse and as a result, fishermen are moving further away and into other states' economic zones increasing the likelihood of conflict. Fisheries are an undervalued resource in the SCS considering that 50% of the global fishing vessels operate in that region. Moreover, although illegal fishing is a cause of conflict, it is not as high profile as other conflicts in the region. 2016 was arguably the worst year on record when the Chinese Coast Guard was confronted with illegal fisheries.

Hybrid warfare and soft power tactics have been utilized to assert dominance over the SCS. Most oil is transported by sea, so it is in all states interest to keep the sea lanes open. China, however, has taken a more active role by trying to change the rules and passing domestic laws that would allow them to have more control over the region. States have built their own maritime, which allows them to dispute who enters; reefs have been enlarged and built up. Fiery Cross Reef, for example, went from a small island in the SCS to a full-length military runway. China's extraterritorial claims do not have a tangible legal benefit, but they do provide a clear military benefit. The SCS is a key area for China and the US, and as these two countries keep challenging each other's freedom of navigation, the tension is increasing in the region.

Arguably, criticism of Chinese COVID response began in midFebruary, roughly at the same time as it increased its SCS actions. As a result of the international criticism it received, China sought to highlight its efforts to fight the pandemic as well as its medical diplomacy, and at the same time to suppress criticism. China also wanted to show that despite the setbacks of COVID-19, the Chinese communist party strength was still present. Despite the restrictions of the COVID 19 pandemic, activity in the SCS has been at least maintained and not escalated.

Overall, the SCS's increasing aggressive activities is demonstrative of what is going on in that region and around the world. It can also be a means to see what China is doing in the SCS and how that extrapolates to other regions. Vigilance is key, and it is probably not a good idea to give China windows of opportunity, Mr. Witthoeft argues. The one around COVID-19 was unavoidable, but it is important to be informed of what is going on there. Some have argued that China could use legal, political, military, and paramilitary means to achieve its objectives. If this is the case, there does not seem to be a line anymore in terms of how far China is willing to go. If China escalates tensions in the SCS, it could be a harbinger of what is to come in the region and here in Canada. There could also be an escalation of trade disputes beyond canola, lobsters, and pork.

Question Period

Direct impacts on Canada's West Coast due to conflicts and disputes in the SCS are distinct but not an immediate possibility. If things escalate in the SCS, some impacts could be greater pressure from Canadian allies in the region to get more involved. Also, if shipping through SCS is disrupted, it would mean a delay in shipments of parts and goods as well as an increase in price and insurance rates. The overall value of the SCS is important to Canada.

KEY POINTS OF DISCUSSION AND WEST COAST PERSPECTIVES

Presentation

- The SCS is home to an array of legal and environmental issues, as well as disputes over resources and maritime entitlement.
- Many of the states in conflict in the SCS region have built their own landholdings that range from landmasses to full military bases.
- The oil and natural gas going to Northeast Asia have to be transported by ship because there is not a good pipeline network, and also because it is the most economical means of transportation.
- The SCS is potentially very rich in oil and natural gas on a level comparable to Iraq, but because of the ongoing disputes and logistical difficulties, companies do not want to get involved in the region.
- Fisheries are moving towards collapse, which is causing fishermen to move into other state's economic zones, increasing the possibility of escalating tensions.

Question Period

- Global warming, acidification of the ocean, overfishing, and dredging work to build landmasses have destroyed ecosystems in the ocean, and this will most likely increase conflicts over fisheries. Nevertheless, in February 2019, Indonesia got the first internationally certified tuna fishery.
- Since there are a fair amount of capable navies in the SCS, the potential for escalation is very high. All the littoral countries in the region are trying to maintain their national pride, and repeated confrontations with fishermen sailing in the region can quickly escalate to a major incident. Furthermore, the US and China's freedom of navigation is also likely to increase conflict.
- ASEAN and China are negotiating a full code of conduct on the SCS that would determine who is allowed to do what and where. However, over the last few decades, there hasn't been any visible progress in these negotiations. ASEAN operates unanimously and China tries to influence key members, knowing that this will slow down the negotiations. Bilateral negotiations with smaller Southeast Asian partners are better for China. Vietnam holds the ASEAN chair this year, and as a result, more progress has been seen.
- The impacts on the West Coast of Canada as a result of the conflicts in the SCS are pretty small and indirect in terms of the GDP or overall trade of the West Coast. More intangible elements in the region have a wider play for Canada. There could be ramifications for Canada's maritime claims, but Canada does not do freedom of navigation as the US does. Canada has robust and secure partnerships and alliances in the SCS, which means that Canada could see greater pressure from allies to get involved. If shipping through SCS is disrupted, it would mean a delay in shipments of parts and goods as well as an increase in price and insurance rates.



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