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THE SPRATLY ISLAND DISPUTE AND U.S. NATIONAL SECURITY INTERESTS

BY

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The South China Sea is a major maritime route connecting the Pacific and Indian Oceans. Disputes have risen among several countries which have made conflicting claims to the islands and waters of the South China Sea. Among the disputed island claims are the Spratly Islands which are claimed in whole or part by Malaysia, the Philippines, Taiwan, Vietnam, and Brunei. China (PRC), whose emerging leadership is under pressure to continue economic growth, is the principal threat and claims all of the disputed islands and most of the South China Sea basin. The Spratly Islands dispute has importance to U.S. national security interests because it has become the key focus for claims in the South China Sea. This paper will describe what the Spratly Islands dispute is about and how might its resolution affect U.S. national security interests.
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Introduction

The "big picture" or strategic view of the Spratly Islands dispute is really not the "Spratly Islands." The "South China Sea dispute" is the term the U.S. should focus on. The Spratly Islands are merely a subset of a much larger concern. However, the resolution of the Spratly Islands dispute may be crucial because it will lay the framework for the resolution of further claims in the South China Sea and defuse the possibility of armed conflict in the region.¹

The Spratly Islands are a smattering of more than 100 islets, shoals, reefs and sandbanks midway between Vietnam and the Philippines. They were named for a 19th Century British whaling captain. Many of the Spratlys are little more than rocks which barely peep above the surface of the sea; the largest islet is Itu Aba, which covers about 89 acres.²

Six nations lay claim to various parts of the Spratly Island archipelago. They are: the People's Republic of China (PRC), Taiwan, Vietnam, the Philippines, Malaysia and Brunei. Five countries (all but Brunei) maintain a continuous military presence in the area. These military forces occupy a number of the islands and reefs, and the claimant governments have stepped up economic and military activity in the region. All but China and Taiwan are members of the Association of South East Asian Nations (ASEAN). Each Nation has laid its claim based on either
discovery rights, historical ownership, islands are part of a nation's continental shelf, or the islands lie within its Exclusive Economic Zone (EEZ).

Between 1973 and 1982, over 150 nation states participated in the United Nations Convention of the Law of the Sea (UNCLOS). The UNCLOS convention provides rules for determining the legality of maritime claims. By defining maritime zones: the territorial sea, contiguous zone, EEZ, and continental shelf, which upholds the security and resource interests of coastal states, it also balances against the interests of maritime nations which require free access to the seas for navigation, overflight, and other traditional uses. By establishing a standard for maritime claims it was hoped to exert pressure on parties to reduce excessive maritime claims and thereby reduce tensions in the long-term. With the exception of Taiwan, the countries surrounding the South China Sea (including the other Spratly claimants) have signed the 1982 UNCLOS Convention.³

What is the Spratly Islands dispute about? There are several reasons why the claimants desire the Spratly Islands. First is the geostrategic location of the islands. They are situated in the midst of a major intersection of international sea and trade lanes.⁴ The nations that surround the South China Sea rely heavily on trade among themselves and with other nations for their continued economic growth and political stability.
Second, aside from their geostrategic value, the area surrounding the Spratly Islands are also rich in natural resources. It has long been a productive fishing ground and a source of guano for use in fertilizing crops. Recent speculations of oil, gas and mineral resources, though not fully known (due to secrecy imposed by nations doing the exploration), are believed to be sizable in an order comparable with the North Sea discoveries.\textsuperscript{5}

U.S. national security interests have been mostly tied to regional stability and geostrategic importance. The U.S. has long taken the view that the islands are critical to the strategic interests of Western Pacific nations and the impact of a Chinese forced occupation of the islands would be highly destabilizing for the entire region.\textsuperscript{6} Chinese aggression in the islands would confirm deep seated regional fears about Chinese hegemony and ambitious behavior. Lack of U.S. involvement would most likely spur an arms build up in the area and peripheral players, like Japan, might well be induced toward a major expansion of its naval forces if it perceives the U.S. as unwilling to restrain the Chinese in the Spratlys. This would also raise latent fears in the region about Japanese ambitions.\textsuperscript{7}

Geostrategically, the U.S. also has a direct interest in ensuring unimpeded transit of its naval vessels between the Pacific and the Indian Ocean.\textsuperscript{8} Loss of current access to the South China Sea would have a serious detrimental
effect on our ability to react quickly and effectively to a contingency in Southwest Asia.

**Spratly Islands Geostrategic Value**

One quarter of the world's seaborne trade passes through the sea lanes that border the Spratly Islands. This includes vital oil from the Middle East to Japan, South Korea, and Taiwan. The proximity of the Spratlys to South China Sea shipping lanes would be an important strategic element if any island claimant would decide to disrupt trade or create a conflict in the area. Significant regional trade passes from the Asian continent and Southeast Asian archipelagos through the South China Sea. The regions economic growth and security depend upon continued freedom of navigation for both merchant and military traffic. Likewise, the world economy is highly dependent on the free flow of goods through the South China Sea. Indonesia is especially concerned because it establishing a natural gas processing plant at Natuna Island, very close to China's water claims. For this reason, Indonesia has sponsored a series of informal workshops with claimant countries aimed at dispute settlement in the South China Sea.⁹

The Peoples Republic of China (PRC) also considers the South China Sea to be an area of great strategic importance for the security of its maritime borders. Although the PRC's navy is one of the largest in the world and devotes
itself almost entirely to coastal defense, PRC military leaders believe their country is highly vulnerable from the sea. The PRC's coastline covers over 6,000 miles. The mainland Chinese navy has limited range and is not capable of projecting power great distances. The currents along its southern coast confine shipping to narrow sea lanes, leaving the PRC vulnerable to a naval blockade. If the PRC were able to exercise sovereignty over much of the Spratlys, it could improve the security of its southern flank.10

In addition, the United States has a direct need for freedom of navigation through the area. U.S. interests include an open economic region that adheres to principles of international law. Openness is promoted by the lack of any dominant power that may threaten regional stability and growth. Regional development is enhanced by the maintenance of international trade through the free flow of shipping. Regional stability and growth are reinforced by peaceful settlement of disputes and a preference for the rule of law. The threat or use of military force would be seen as disrupting regional peace, prosperity and security. Also, non-regional neighbors such as Japan have a paramount energy interest in maintaining an open South China Sea area. The Middle East provided 68% of Japan's oil needs in 1994. An additional 10% of Japan's oil came directly from Indonesia.11
RESOURCE RICH?

A very clear motivator behind the Spratly Island claimants is the potential for profits in the form of oil, gas, fish, and mineral resources. The waters and area around the Spratly Islands are rich in fish stocks and may contain large oil and gas deposits, tin, manganese, copper, cobalt, and nickel. While there is no real proof of existing large oil and mineral reserves the potential is enough to motivate claimants to use claimed territories to extend each nation's EEZ and continental shelf zones. This extension under international law, within which a country may control exploration, exploitation, and preservation of natural resources, provides additional motivation for the nations involved to strengthen their claims. The decision by Malaysia to develop tourism facilities on Swallow Reef may have been driven, in large part, by an United Nations Convention on the Law of the Sea (UNCLOS) stipulation that an island that cannot sustain human habitation or an economic life on their own cannot generate EEZ or continental shelf claims. Philippine and Vietnamese development of some of the islets under their control may also be intended to demonstrate "an economic life on their own" for these claimed and occupied territories. China with a huge and growing population and ever-dwindling agricultural and energy resources is especially interested in keeping its options open in the South China Sea. For
China, even though the South China Sea can't grow rice, it does have important fish resources and potential energy supplies.\textsuperscript{14}

This belief that the South China Sea does contain large deposits of resources has exacerbated the pursuit of a peaceful resolution of the territorial disputes. Indonesia has also been drawn into the dispute as the Chinese claim extends into its EEZ, and substantive natural gas fields to the northeast of Natuna Island.

However, it must be noted that exploiting the oil resources may be too risky/costly at this time. Insecurity is being felt in the manner in which hydrocarbon exploration and production is or will be conducted in the area. While hydrocarbon exploration and production operations are well established along the coastal areas of the littoral states little is known of the rest of the South China Sea and the Spratlys in particular. The cost of exploration and drilling for oil and gas in the Spratlys will most likely be costly, especially if the use of deep seabed techniques are employed. The political risks of drilling in disputed areas must also be weighed.\textsuperscript{15}

\textbf{United States National Interests}

The South China Sea is important to U.S. national security interests in several respects: its central location which borders most of the Southeast Asian states
and status as a major trade route, and its strategic location adjacent to maritime passages between the Pacific and Indian Oceans used by the U.S. Navy to reinforce the Persian Gulf. The involvement of U.S. oil companies adds to U.S. interests.\(^\text{16}\)

The waters adjacent to the Spratly Islands are critical to international trade and U.S. interests. As discussed previously, these trade routes are heavily relied upon by the international community, as well as the regional nations that border its waters. As a result, the maintenance of U.S. credibility and influence in the region have come to depend on the U.S.'s willingness to defend the interests of the smaller nations against the ambitions of the larger ones. In other words, the U.S. as a military power will remain a welcome ally to the great majority of regional nations, but only as long as it restrains any excessive Chinese or Japanese naval ambitions that would destabilize the region.

Chinese aggression in the area is well documented. As the U.S. works towards coping with the Chinese military build-up that is happening now, an important by-product of acting to preserve regional stability with the Chinese would be the prevention of the possibility of a major Japanese rearmament effort as well. Since Japan regards these sea lanes as essential to its vital interests, it might well be pushed toward an expansion of its naval forces if it perceives these sea lanes are threatened. Such a growth in
Japanese military strength would tend to destabilize the region.\textsuperscript{17}

In addition to the importance of securing the major trade routes, the U.S. has a direct interest in the Spratly Islands and the South China Sea to ensure unimpeded transit of its combat ships and naval support vessels between the Pacific and the Indian Oceans. As an example, the loss of access to the South China Sea and hence the straits of Malacca would have a very serious detrimental effect on the U.S.'s ability to quickly react to a contingency in Southwest Asia. Alternate routes would add several transit days and damage U.S. effectiveness to respond.

\textbf{China is the Principal and Key to the Dispute Resolution}

Were it not for China's disconnect of words and deeds, it is commonly felt that ASEAN and Taiwan would be fully capable of settling claims collegially.\textsuperscript{18} However, the ramifications of the efforts of the People's Republic of China to gain a more prominent position in the post-Soviet world order could turn a long-standing sovereignty dispute over the Spratlys into a serious international conflict. Prior to the disintegration of the Soviet Union, the significant military presence of American and Soviet navies in the South China Sea area discouraged any of the countries claiming the Spratly Islands from reinforcing its position with military action. Now, as the U.S. continues to draw
down and the former Soviet Union has reduced its role in the Pacific, this has led many to believe the PRC will soon pursue a military resolution in the Spratly Island dispute. If the declining superpower military presence in the region results in the further crowding of the Spratly's with claimant warships, the likelihood of a more serious confrontation will increase.¹⁹

However, even if the PRC would like to take advantage of the shift in superpower relations to establish itself as the major power in the South China Sea, a military action to take control of the Spratlys would be difficult and may not be necessarily successful. Despite the fact that its military budget has increased significantly since 1989, the PRC still does not appear to have the military capability to fight a prolonged war over the Spratlys. With its nearest military base more than 600 miles from the islands and no aircraft carriers to provide support, the PRC's fighter planes do not have the combat radius to fly to the Spratlys and back. Moreover, the PRC's economic interest in the island's natural resources would be seriously lessened if it had to finance a lengthy military campaign far from its borders before it could begin to exploit those resources.²⁰

Because these factors all weigh in favor of trying to resolve the Spratly question through non-military means, the PRC has been developing its legal claims to the islands at the same time that it has been strengthening its military presence in the area. The PRC treats the dispute as an
issue of legal rights. The official statements issued after
the 1988 naval clash with Vietnam, for example, all suggest
that the PRC's primary concern in the wake of the incident
was to reaffirm its claim under international law. However,
a recent study by the Stanford Journal of International Law
indicates that it does not appear that the PRC has a
meritorious claim to the Spratly's under international
law.\textsuperscript{21} Therefore, it seems unlikely that the PRC would
submit to the binding determination of an international
arbitration board or judicial body on the question of
sovereignty over the Spratlys.

It remains to be seen then how the shifting military
roles in the Pacific will affect the thinking of Chinese
leaders in Beijing regarding the Spratly dispute. If the
U.S. further reduces its military presence in the area of
the South China Sea, the PRC could well determine that its
military strength relative to rival claimants exceeds the
strength of its legal claim. Such a determination, which
might be spurred by new evidence of vast oil reserves in the
South China Sea seabed or by increased tensions along the
Sino-Vietnamese border, could lead the PRC to pursue a
military solution to the Spratly Islands controversy, and,
in the process, upset the peace and stability of the entire
Southeast Asian region. A settlement, negotiated either
multilaterally under the auspices of ASEAN or the United
Nations or bilaterally between the claimants, seems of
urgent importance.
How Might a Resolution in the Dispute Affect U.S. National Interests?

The resolution of the dispute over the Spratly Islands has clearly become a strategic issue for the United States. Global interests which affect directly the U.S. and its allies such as freedom of navigation and our relationships with the regional nations are of deep concern. Further outbreaks of incidental violence, instigated principally by China, are probable. The U.S. must dispel the notion that somehow "small scale" violence is not really conflict. It is and will most likely escalate. Diplomatic efforts over the years through numerous agencies such as the ASEAN Regional Forum, Pacific Economic Cooperation Conference and the Indonesia Workshops have progressed very slowly towards any meaningful resolution, hence the status quo remains. Even these diplomatic efforts have come under attack lately by its members for their regional "appeasement" of China and the fact that these forums have been culpable in supplying China a guaranteed risk-free environment for saying that China is indeed participating in the "multilateral" process when she is not. The facts do suggest that China has been able to move with impunity provided she avoids violence and the use of force.

Complicating the diplomatic issues would be the implications of responding to a PRC and Vietnam conflict in the South China Sea that was fought along the land borders.
Bear in mind there are different bilateral frameworks that the U.S. has within ASEAN: Treaty allies, which are Thailand and the Philippines; a communist country, Vietnam; and the rest which are considered just "allies." If Vietnam called on ASEAN for institutional support, while the PRC threatened the ASEAN members individually, ASEAN itself would be divided within its membership over what to do. The U.S. would be faced with the dilemma of how to simultaneously manage "engagement" on three fronts. One, with a culpably aggressive China; another with how to handle a bilateral agreement with Vietnam under fire from China; and third, how to deal with conflicting requests for action from ASEAN collectively and/or it various members individually.

Conclusion: What should the United States Do?

Up to now the United States has adopted a hands-off policy. The Clinton administration has acknowledged that conflicting claims to the islands in the Spratly chain are a source of tension in East Asia and that, in the worst case, could lead to regional instability. The following State Department statement has been issued:

The United States is concerned that a pattern of unilateral actions...in the South China Sea has increased tension in that region. The United States has an abiding interest in the maintenance of peace and stability in the South China Sea. The United States calls upon claimants to intensify diplomatic efforts which address issues related to competing claims, taking into account the interests...
of all parties, and which contribute to peace and prosperity in the region. The United States is willing to assist in any way that claimants deem helpful.

...Maintaining freedom of navigation is a fundamental interest of the United States. Unhindered navigation...is essential for the peace and prosperity of the entire Asia-Pacific region, including the United States.

The United States takes no position on the legal merits of the competing claims to sovereignty over the various islands, reefs, atolls and cays in the South China Sea. The United States would, however, view with serious concern any maritime claim, or restriction on maritime activity, in the South China Sea that was not consistent with international law, including the 1982 UNCLOS.26

The question is should the United States continue to allow things to remain in "Status Quo". This option has some dangerous risks which have involved armed conflict in the past and is likely to involve more in the future. Most of the posturing over the Spratlys is for control of the natural resources in the area. Though experts agree the potential for vast reserves is there, up to now no significant find has been reported. None of the nation claimants currently possess a blue water Navy capable of seizing and controlling the entire area. China seems to be building toward that capability but will not achieve it anytime soon, if ever. If a negotiated peaceful settlement is not reached, and significant petroleum reserves are realized, Chinese military action becomes, however, more likely. Additionally, due to further downsizing, a reduced U.S. forward presence would by abstinence increase Chinese military supremacy in the region. The appropriate U.S.
response to a Chinese military actions would be the application of coercive diplomacy/military action to ensure freedom of navigation and ensure regional access to the natural resources of the archipelago.

What seems to be needed in the Spratly dispute is for the United States to take a greater pro-active role by providing more transparent policies through Confidence Building Measures (CBMs). This option would seek to reduce the high degree of mutual suspicion and fear among the countries in the region. This would require the adoption of more transparent polices in the South China Sea than previously exercised that could improve and make more predictable the actions of the claimants and their allies. This option would center on the process of conflict resolution through CBMs. An idea shared by ASEAN and regional leaders.27 The U.S. could promote through various means such as bilateral and multilateral talks, ASEAN Regional Forum, Asia-Pacific Economic Cooperation, etc., the application of the following CBMs: Unilateral refraining from using force in the disputed areas; stopping further occupation and annexation of territories in the Spratlys; no new military exercises or activities; if provocative exercises are anticipated, provide ample notification to avoid sending wrong signals to the other parties; coordinate an SOP (standard operating procedures) for military transiting or operating in the area that would promote a positive maritime order; devise some mechanisms to allow
communication and contact between the local military commanders to reduce hostility through person to person dialogue; and non-stationing of dangerous long-range weapons and platforms. In general, the CBMs Should assist the claimants to recognize the national sensitivities surrounding all claims. Even though states may not want to recognize each other's claims, they should recognize the sensitivities resulting from these claims.

Additionally, the United States should promote joint ventures among the claimants in the exploration and exploitation of the natural resources in the area. The United States could act as the "honest broker" to work out production-sharing agreements in contested areas, and request disputants put their sovereignty claims on hold.

In summary, the Spratly Islands are of strategic importance to the United States. The resolution of the dispute will affect our national interests. CBM's provide a low risk means for the U.S. to reaffirm our interest and our commitment to stability for the countries in the region while improving and ensuring our own national security interests.
Endnotes


2 Ibid, 8.


5 Ibid, 4.


11 Harstad, 12.

12 Ibid., 32.


17 Lam, 1010.


20 Michael Bennett, 428.

21 Ibid, 449.


24 Tasker, 16.

25 Department of Defense, United States Security Strategy for the East Asia-Pacific Region (February 1995).


28 Ibid, 125.

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