

How China Sees the South China Sea

Beijing's policy and interests in the South China Sea disputes

China's territorial and maritime claims in the South China Sea have remained largely consistent since 1949. While China has become more assertive in exercising those claims in recent years, its actions have not been solely responsible for tensions in the region. The involvement of non-claimants has neither facilitated a settlement of the disputes nor reversed China's growing military advantage in the area. Beijing's interests point to continuing its current policy of managing the disputes through dialogue with fellow claimants.

Author: Frank Yuan, in association with Allan Behm and Roderick Campbell

Date: October 2025

The Australia Institute - Research that matters

Established in 1994, The Australia Institute is an independent public policy think tank based in Canberra that provides intellectual and policy leadership across a broad range of economic, social and environmental topics. We conduct research that drives the public debate and secures policy outcomes that make Australia better – research that matters.

The Australia Institute is funded by donations from philanthropic trusts and individuals, as well as grants and commissioned research from business, unions and non-government organisations. We do not accept donations or commissioned work from political parties. With no formal political or commercial ties, the Institute maintains its independence while advancing a vision for a fairer Australia.

Donations to our Research Fund are tax deductible, and can be made via our website or by calling the Institute:

Tel: (02) 6130 0530

Email: mail@australiainstitute.org.au

Website: www.australiainstitute.org.au

PO Box 3839

Manuka

ACT 2603

Acknowledgement of Country

The Australia Institute recognises the ancestral connections and custodianship of Traditional Owners throughout Australia. We pay respect to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

Special Acknowledgements

The authors would like to express their gratitude to Professor Wanning Sun of the Australia-China Relations Institute at the University of Technology Sydney, who read the Chinese language draft and whose feedback not only helped improve its expressiveness and precision, but also pointed to some of the scholarly works included in this paper.

The authors would also like to thank their Australia Institute colleagues, especially Morgan Harrington, Alice Grundy, and Tom Hawking, for their invaluable editing assistance. Finally, we thank Emma Shortis, The Australia Institute's Director of International and Security Affairs program, for her consistent support and liaison work with the Center for International Policy.

Contents

Summary	4
Introduction	6
Nine dashes in the Gordian Knot: claims in the South China Sea.....	8
Tides of tension: militarisation in the Nine-dash Line	14
Law and a new order: the 2016 arbitration ruling and China’s subsequent diplomacy	20
Coalition of the half-willing: intervention by the United States and its allies	28
Home advantage: China’s defensive strategy in the South China Sea	34
The watery El Dorado: the limit of the South China Sea’s economic value	40
The long game: China’s policy outlook	46
Conclusion	53
Appendix	55

Summary

The South China Sea (SCS) is a region subject to overlapping and conflicting sovereignty claims by multiple countries. China's policy has been subject to international scrutiny, and met with opposition from countries outside the region such as Australia and the United States. This is largely in response to China's growing military power, the extent of its claims in the SCS, and its actions in asserting these claims.

The SCS disputes are complex and ongoing. While China is far from the only country involved, understanding the Chinese perspective and its background is important for understanding these disputes and developing policy responses. The evidence suggests that China's interests and policies in this region are not directed at the acquisition of territory. Rather, China's primary interest is the creation of a buffer zone to its east and south, consistent with its historical approach to territorial defence.

The Nine-dash Line

Much of the alarm surrounding China's South China Sea policy comes from the "Nine-dash Line", by which China demarcates its sovereignty claims. It appears to extend Chinese territory across the SCS to the doorsteps of Malaysia and Indonesia.

Commentary on the SCS often ignores the fact that the People's Republic of China has inherited the Nine-dash Line claims from the previous USA-aligned Kuomintang government. Additionally, China does not use the Nine-dash Line to demarcate its claimed territorial sea; it claims only the various scattered, small land features within this area as its territory—and, consequently, it claims limited territorial waters and maritime rights generated by those features under the framework of the *United Nations Convention on the Law of the Sea (UNCLOS)*. It does not claim the right to control all shipping within the Nine-dash Line.

The evolution of the disputes

China engaged in small-scale armed conflicts with its neighbours on the SCS from 1974 to 1996, without expelling them from the Nine-dash Line area. The disputes between China and other claimants escalated again in 2009, but the tensions cannot be solely attributed to China's activities; rather, they arose from a chain of interactions between various claimants and an increasingly engaged United States.

The 2016 arbitration case

In 2016, the Permanent Court of Arbitration made its ruling in a case brought by the Philippines against China over their SCS disputes. The court considered many of China's claims and activities in the area as in contravention of *UNCLOS*.

China maintains its right under *UNCLOS* to refuse arbitration in this case. Additionally, since the Permanent Court of Arbitration did not rule on the sovereignty over many of the land features in the SCS, the ruling was not a complete repudiation of China's entire claims across the SCS.

Strategic and economic considerations

China's military developments—both in the South China Sea and on shore—give it a substantial defensive advantage over the area, but this advantage in the SCS does not enable China to project power outside of the SCS. As one of China's maritime transport chokepoints, the SCS is more important for China than for other major powers or even other claimants.

The economic potential of the South China Sea's fisheries, mineral and energy resources are all limited. While the natural gas reserves there are substantial, China already has various safer options to increase its supply.

Recent developments and policy outlook

China has, especially since 2024, actively pursued diplomacy with most other claimants in the SCS to manage the disputes as of mid-2025, reaching understandings without resolution with Brunei, Malaysia, Vietnam, and Indonesia. On the other hand, the involvement of the United States and its allies such as Australia has not facilitated a settlement between China and the Philippines. Their challenge to China's claims, particularly in the form of Freedom-of-Navigation Operations, does little to advance their security interests but instead enhances the risk of military escalation.

All in the region have a stake in continuing the current trajectory of peacefully managing the SCS disputes. China has an interest in minimising other risks and distractions while it focuses on the strategic competition between itself and the United States. China could further improve its diplomatic standing and reduce tensions with its SCS neighbours by leading, more proactively, the process of multilateral negotiations over the disputes.

Introduction

China's activities in the South China Sea (SCS) cause alarm among its neighbours and in countries as far away as Australia and the United States. The Nine-dash Line, with which Beijing demarcates its claims, stretches over 1,500 kilometres from Hainan Island southwards, approaching the shores of Indonesia; to the east, the line brings China close to the doorstep of the Philippines. China has become more forceful in asserting its claims since the late 2000s, and has built artificial islands on which it has placed military garrisons. All these have given rise to assertions that China is aggressively expanding into the territory of neighbouring countries.

This, however, is only part of the evolving disputes between multiple states around the South China Sea over their maritime borders. In English-speaking countries at least, the public has too often been presented with this partial picture. In considering a response to an issue as important as the South China Sea disputes, it is important to understand the chain of events that led to the present, the facts on the ground, and the positions and perspectives of other parties—in this case, China. This must be the basis for accurately interpreting China's actions, formulating rational policy responses to them, and anticipating China's future policy.

For the Chinese leadership, the SCS—together with the Strait of Malacca—is perhaps the primary area in which the US is able to threaten China's maritime line of communication and strategic depth. The SCS disputes also create a potential flashpoint for Sino-American military confrontation. Other risks include those entailed in Sino-Japanese territorial disputes, and the ongoing dispute over the status of Taiwan; as Taiwan claims territory in the SCS, events in the SCS could also set off a conflict involving Taiwan.

As well as being the site of China's most active border dispute, the South China Sea carries most of China's seaborne trade and much of those of its neighbours. Finally, China's conduct in the SCS provides a crucial window for global audiences into the drivers of Beijing's foreign policy, and potentially its strategic intentions. If the Chinese government's much-touted "genuine multilateralism" and "Chinese participation in global governance" cannot be practised in this region, Beijing's credibility and influence could be significantly impacted.¹

¹ Chinese officialdom routinely uses these concepts. For example, Xi Jinping (2024), '以中国式现代化全面推进强国建设、民族复兴伟业', *Qiushi*, <http://www.qstheory.cn/20241231/d21bd57c012d4d29824219effd18ca35/c.html>

In addition to providing an analysis of Beijing's policy in the region, a work of this nature by an overseas observer might also provide those in China with some additional insight into the concerns and interests of other parties. For these reasons, the report canvasses various governments' territorial claims over the South China Sea, the recent history of the disputes, the policies of the USA and other non-claimants who have nonetheless been involved, China's main interests in these waters, and how China's actions here relate to its overall foreign policy. The report is written and published in Chinese and English, with minor variations in emphasis between the versions as the audiences and desired resonances are necessarily different. This dual-language publication is a gesture towards prompting greater dialogue and improve mutual understanding.

Nine dashes in the Gordian Knot: claims in the South China Sea

Much of the alarm surrounding China and the South China Sea comes from the “Nine-dash Line”. This illustration of Beijing’s claims appears to constitute a downward thrust of the People’s Republic of China (PRC) to the doorsteps of Malaysia and Indonesia.

Given the potency and expansiveness of the Nine-dash Line’s imagery, it is important to note that an initial impression of what the line signifies can be somewhat misleading. China does not use the Nine-dash Line to demarcate its claimed territorial sea. Instead, it claims certain land features in this area as its sovereign territory and, on that basis, also claims limited maritime rights, according to its reading of the *UN Convention on the Law of the Sea*.

In other words, Beijing is not seeking to annex the South China Sea.

It is important to understand the origin of the situation in the SCS. In particular, it is important to note that the claims demarcated by the Nine-dash Line predate the existence of the PRC, and that China’s claims in the SCS are only part of a complex set of overlapping claims from multiple states—some of which have given rise to tensions between those states.

THE ORIGIN OF THE NINE-DASH LINE

Like other border questions faced by Beijing, the South China Sea disputes were inherited by the PRC when it was founded in 1949. The origins of what would become the Nine-dash Line lies in surveying missions dispatched to the SCS in the 1930s by the preceding regime, the Republic of China—ruled by the US-aligned Nationalist Party (a.k.a. Kuomintang). These missions were staged in response to both French colonial interests seeking expansion from mainland Southeast Asia, and Imperial Japan’s territorial ambition across East Asia.

Following these surveys, in 1935, the Kuomintang government published the *Map of the South China Sea Islands of China* (中国南海各岛屿图).² After the Second World War, China garrisoned the Pratas, the Paracels, and the Spratly Islands, engaging in a stand-off with French troops over the latter.³ In 1947, the Republic of China's Department of the Interior finalised the *Location Map of the South China Sea Islands* (南海诸岛位置图, see Figure 1), which was then approved by the legislature and published. The map reiterated China's claim to various geographical features in the South China Sea. These claims reached as far as James Shoal, about 1,600km away from the southern tip of Hainan Island.

The map demarcated a U-shaped area in the SCS with a line of ten dashes. The ROC did not claim sovereignty over the entire area—its claim consisted of territorial

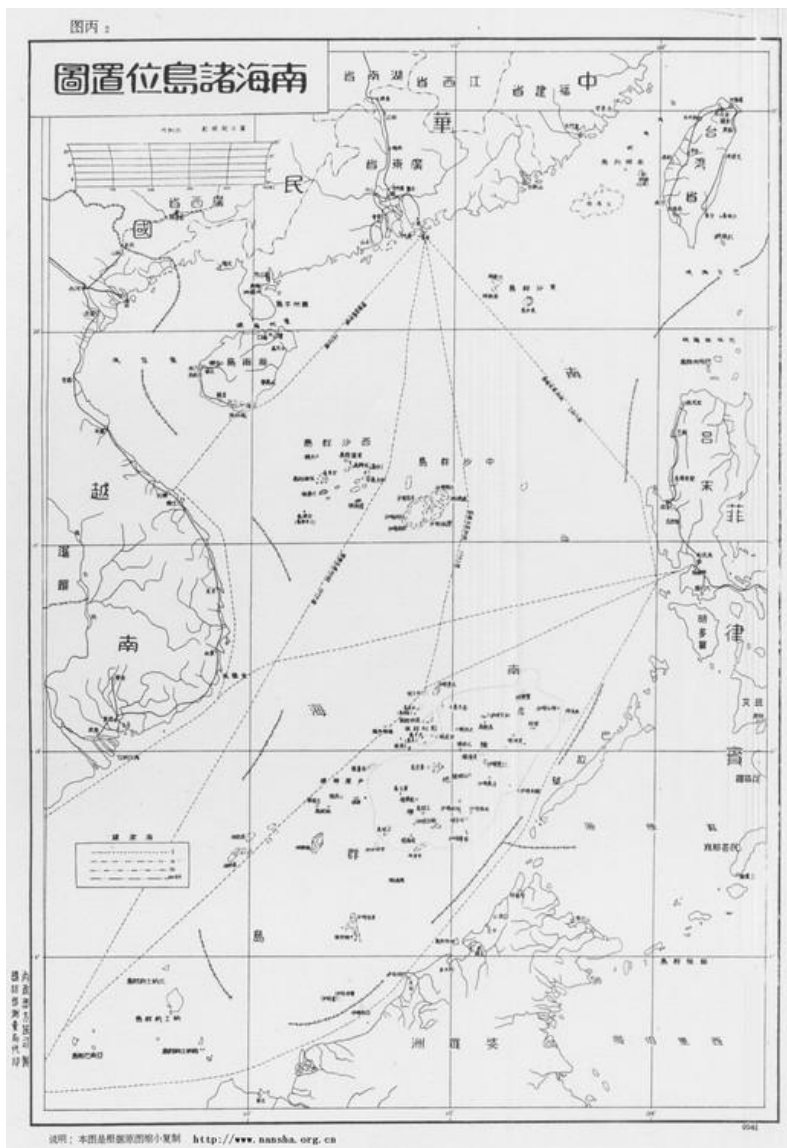


Figure 1 South China Sea map with dash-lines published by the Republic of China in 1947

Source: South China Sea Institute of Oceanology (n.d.) '南海九段线', <https://data.scsio.ac.cn/topic-detail/11>

² Bill Hayton (2023), 'Strategic Forgetting: Britain, China, and the South China Sea, 1894–1938', *Modern Asian Studies*, Vol. 57, Issue 3, pp.975-981; Ulises Granados (2005), 'As China Meets the Southern Sea Frontier: Ocean Identity in the Making, 1902-1937', *Pacific Affairs*, Vol. 78, Issue 3, pp.450-452; 陈谦平 (2016) '近代中国南海九段线的形成', *红旗文稿*, republished on *Xinhua*, http://www.xinhuanet.com/politics/2016-03/28/c_128841638.htm.

³ Stein Tønnesson (2022) 'Looking back at the Paracels as a Source of South China Sea dispute', *Southeast Asia Globe*, <https://southeastasiaglobe.com/paracels-source-south-china-sea-dispute-conflict-history/>.

sea within three nautical miles of the islands therein and customs enforcement areas within 12 nautical miles, in line with contemporary practices.

No other states appeared to have raised any objections to this cartography when it was published in 1948, which could be interpreted as at least tacit acceptance of the Chinese claim.⁴ For some years after its publication, other states around the SCS continued to experience the tumults of decolonisation while China lacked the maritime power to pursue those claims.

The PRC's modern-day claims, as well as the contemporary Nine-dash Line, are also based on this map. The Nine-dash Line follows the same contour as that laid out in the 1947 map, with the dashes due west of the Hainan Island omitted (Figure 2). The PRC insists that it has territorial sovereignty over all the geographical features within the Nine-dash Line. It also claims sovereignty over territorial sea and rights to contiguous zones, exclusive economic zones (EEZ) and the continental shelf based on the islands within the line in accordance with the limits laid out in the *United Nations Convention on the Law of the Sea (UNCLOS)*.⁵

Importantly, although Beijing claims “historic rights” within the Nine-dash Line as the basis of its claims to the features and waters therein, it has not declared the entire body of water demarcated by the dash lines as its territorial sea. Instead, it defines its territorial sea—in which it claims the right to control traffic—as comprising the 12-nautical mile zones around the baselines of numerous geographical features which Beijing claims to be its islands.

The various EEZ, meanwhile, extend 200 nautical miles outwards from those baselines.⁶ This means that China claims most of the wider area of the Nine-dash Line as falling within its EEZ. On this basis, it claims the exclusive right to explore and use these areas' natural resources, and the right to be notified of any military activities therein—but not the right to control all traffic.

⁴ E.g. Stein Tønnesson (2002) 'Why are the Disputes in the South China Sea So Intractable? A Historical Approach', *Asian Journal of Social Science*, Vol. 30, No. 3, pp. 580-581; 陳鴻瑜 (2016) '中華民國政府繪製南海諸島範圍線之決策過程及其意涵', *Bulletin of Academia Historica*, no.47, <https://www.drn.gov.tw/p/405-1003-14151,c212.php?Lang=zh-tw>, pp.108-112.

⁵ Asia Maritime Transparency Initiative, Center for Strategic & International Studies [henceforth AMTI-CSIS] (n.d.), *Maritime Claims of the Indo-Pacific*, <https://amti.csis.org/maritime-claims-map/>; (United States) Congressional Research Service (2024) *U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress*, <https://www.congress.gov/crs-product/R42784>, pp.47-48.

⁶ (China) Ministry of Foreign Affairs [henceforth MFA] (2016), *中华人民共和国政府关于在南海的领土主权和海洋权益的声明*, https://www.mfa.gov.cn/nanhai/chn/snhwtlwcwj/201607/t20160712_8521049.htm.

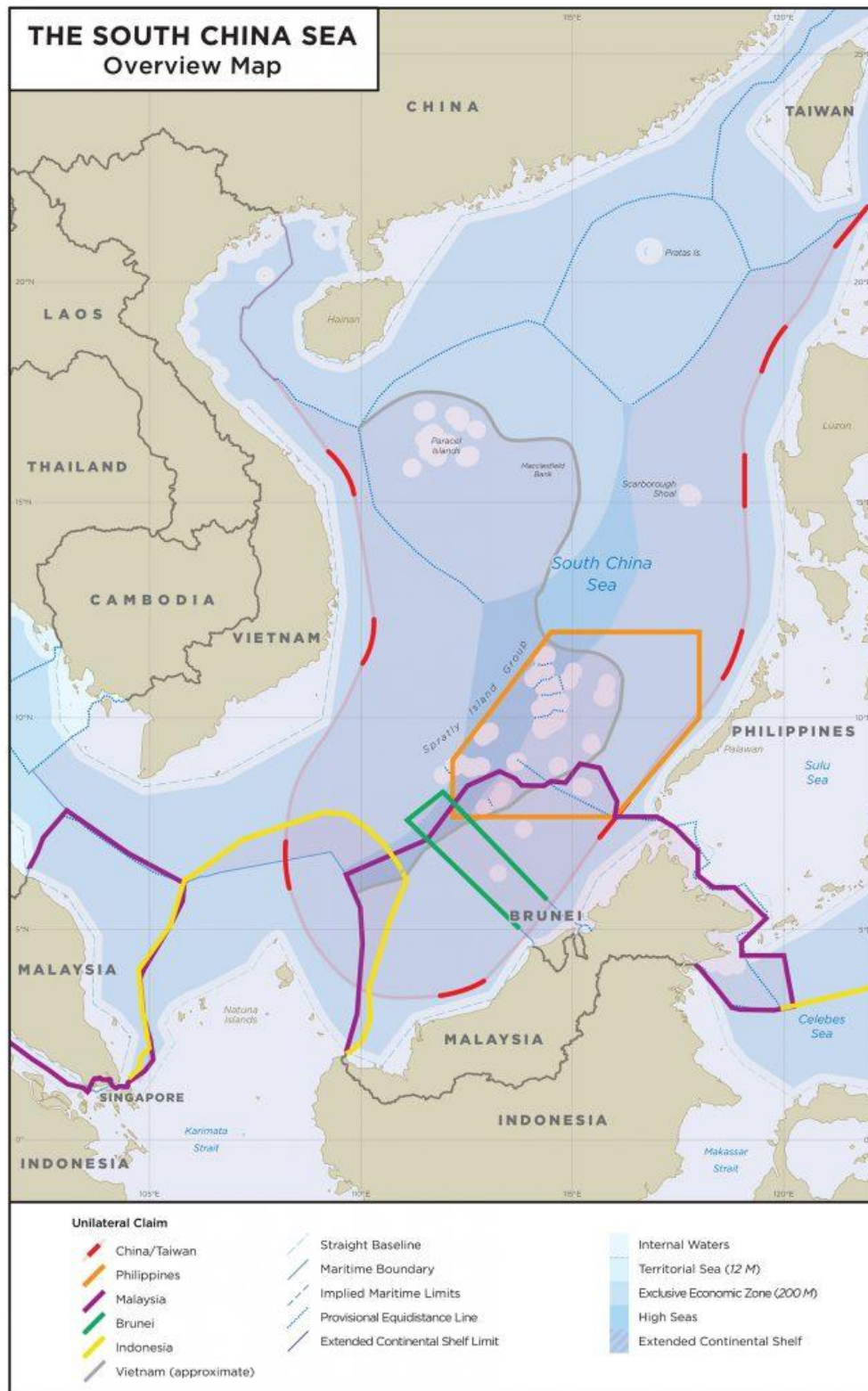


Figure 2 Maritime claims in the South China Sea, with EEZ claimed marked in bold coloured lines. Source: Bamford-Brown (2021) 'Understanding the South China Sea', Sovereign Limits, <https://sovereignlimits.com/blog/understanding-the-south-china-sea>

A TANGLED WEB OF CLAIMS

China's claims conflict with almost every country bordering the South China Sea. Figure 2 illustrates the lattice of overlapping claims in the region:

- The Philippines considers elements of the Spratly Islands and Scarborough Shoal in the eastern part of the SCS as its territory, and defines its territorial sea and EEZ accordingly;
- Malaysia and Brunei have territorial claims on parts of the Spratly Islands, and their respective claims of EEZs extend into the Nine-dash Line area;
- Vietnam claims the entirety of the Paracel Islands and of the Spratly Islands; and
- While Indonesia has no territorial claims within the Nine-dash Line, its EEZ—based on islands in the south of the SCS—intersects with the Nine-dash Line.

As well as conflicting with China's claims, these countries' claims also conflict with one another: Malaysia, Vietnam, The Philippines and Brunei all have conflicting claims on various parts of the region. As recently as late 2024, Kuala Lumpur protested to Hanoi over Vietnam's land reclamation activities on the Barque Canada reef.⁷ This web of conflicting claims continues to cause significant complications for the region.

In addition, the SCS is not the only site of border disputes in Southeast Asia: the border between Cambodia and Thailand remains contested, and an escalation between them in July 2025 saw over a hundred military casualties on each side and hundreds of thousands of civilians displaced.⁸ Nor does China occupy the most land features within the Nine-dash Line: that honour goes to Vietnam, which has about 50 outposts compared to China's 27, according to research of the Center for Strategic & International Studies, an independent US think tank.⁹

⁷ Vivian Louis Forbes (2012) 'Malaysia and China: Economic Growth Overshadows Sovereignty Dispute', in Bruce Elleman (eds.) *Beijing's Power and China's Borders*, 159-163; Thomas Daniel (2016) 'Key Issues and Dilemmas for Brunei and Malaysia in the South China Sea Dispute', *Institute of Strategic & International Studies Malaysia*, <https://www.isis.org.my/2016/12/06/key-issues-and-dilemmas-for-brunei-and-malaysia-in-the-south-china-sea-dispute/>; Joseph Sipalan (2024) 'Keep China in focus, analysts warn, as Malaysia and Philippines butt heads over sea claims', *South China Morning Post* [henceforth SCMP], <https://www.scmp.com/week-asia/politics/article/3286720/keep-china-focus-analysts-warn-malaysia-and-philippines-butt-heads-over-sea-claims>; Reuters (2024) 'Malaysia complains to Vietnam over South China Sea reef expansion, sources say', <https://www.reuters.com/world/asia-pacific/malaysia-complains-vietnam-over-south-china-sea-reef-expansion-sources-say-2024-11-04/>.

⁸ Susannah Patton (2025) 'A border skirmish and leaked phone call sees the Thailand-Cambodia dispute surge back to life', *The Interpreter*, Lowy Institute, <https://www.lowyinstitute.org/the-interpreter/border-skirmish-leaked-phone-call-sees-thailand-cambodia-dispute-surge-back-life/>; Jaroslav Lukiv (2025) 'Cambodia calls for immediate ceasefire with Thailand as death toll rises', *BBC News*, <https://www.bbc.com/news/articles/cy9x99n79v8o>.

⁹ *China Island Tracker* (n.d.) Asia Maritime Transparency Initiative, <https://amti.csis.org/island-tracker/china/>; *Vietnam Island Tracker* (n.d.) Asia Maritime Transparency Initiative, <https://amti.csis.org/island-tracker/vietnam/>.

THE ROLE OF TAIWAN

To complicate the matter further, the Kuomintang government of the Republic of China never relinquished its territorial claims over Chinese land mass or waters. As this government fled to Taiwan in 1949, Taiwan is also a party to the dispute in the SCS, notwithstanding that the United Nations does not recognise it as an independent state.

While Taipei's claims in the region are no less expansive than that of Beijing, its focal points are the Spratly and the Pratas Islands.¹⁰ Taipei lost Thitu Island—the second-largest of the Spratly Islands—in 1971 when it withdrew its troops there to avoid a typhoon, only for Philippine forces to take over the island instead.¹¹ About 200 Taiwanese personnel are still deployed on Taiping Island—the largest of the Spratly Islands, located approximately 1,600 km from Kaohsiung where Taiping Island is administered. It completed a dock enhancement on Taiping Island in 2024.¹² Soon after, its Marine Corps took over the defence of Pratas Island, located 400 km from Kaohsiung and only about 250 km from the Chinese mainland.¹³ Scarborough Shoal, a focal point of dispute between Beijing and Manila and controlled by the PRC, is also the subject of active diplomatic contention by Taipei.¹⁴

In other words, the SCS disputes add another potential flashpoint between Beijing and Taipei beyond of the Taiwan Strait. A conflict could, conceivably, begin over one of the islands in the SCS and escalate into a wider, more destructive war over Taiwan.

¹⁰ (United States) Congressional Research Service (2024) *U.S.-China Strategic Competition in South and East China Seas*, pp.47-48; 游凱翔 (2024) '外交部：太平島是中華民國領土 立場絕不改變', (Taiwan) Central News agency, <https://www.cna.com.tw/news/aip/202405130179.aspx?topic=4447>.

¹¹ Dzirhan Mahadzir (2023) 'Chinese Warship, Cutter Violate Pag-asa Island Territorial Sea, Says Philippine Coast Guard', US Naval Institute, <https://news.usni.org/2023/03/06/chinese-warship-cutter-violate-pag-asa-island-territorial-sea-says-philippine-coast-guard>.

¹² Shelley Shan (2024) 'Ma urges Tsai to visit Itu Aba, against NSB advice', *Taipei Times*, <https://www.taipeitimes.com/News/taiwan/archives/2024/03/26/2003815489>; (Taiwan) Central News Agency (2024) '太平島碼頭整修竣工驗收 海巡署正規劃啟用典禮', <https://www.cna.com.tw/news/aip/202401290084.aspx>.

¹³ Lo Tien-pin and Jake Chung (2024) 'Military confirms marines back on Pratas Island', *Taipei Times*, <https://www.taipeitimes.com/News/taiwan/archives/2024/09/14/2003823772>.

¹⁴ Joseph Yeh (2024) 'Taiwan rejects South China Sea claims of the Philippines, China', *Focus Taiwan*, <https://focustaiwan.tw/politics/202411120009>.

Tides of tension: militarisation in the Nine-dash Line

Over the past half century, there have been several cycles of escalation and détente between China and its neighbours on the SCS. These have been closely linked to the respective foreign policies of Beijing and Washington.

After some skirmishes in the late 20th century, the most recent cycle began in 2009 and continues to this day. Over this period, the PRC has been increasingly characterised in the West as aggressive, or even expansionist. Such characterisations often cite China's military activities in the SCS as evidence.

A careful examination of the events that led up to the recent stalemate on the South China Sea, along with the history of previous disputes, reveals a much more nuanced pattern of interaction between the interested parties. The previous section set out the bewildering complexity of conflicting territorial and maritime claims within the region. This section covers the similarly entangled chains of events, interactions and interests that have arisen around those claims.

From these sections, a more nuanced picture of the PRC emerges: that of a claimant that has, on multiple occasions, proven amenable to managing disputes with its neighbours diplomatically and peacefully. However, it remains strongly averse to third-party involvement.

A HISTORY OF ESCALATION AND DETENTE

In early 1974, as South Vietnam headed towards collapse and the US increasingly scaled back its support for the regime in Saigon, China's maritime militia engaged in a battle with the South Vietnamese navy. China emerged victorious, and in doing so, successfully took over the Paracel Islands. After the end of the Vietnam War, territorial disputes contributed to souring relations between China and the newly reunified Vietnam. In 1988, during the later stage of the Sino-Vietnamese War, a firefight around the Johnson South Reef in the Spratly Islands left dozens of Vietnamese soldiers killed and missing. In the aftermath, both Vietnam and China continued

confrontation in these islands, expanding their force deployment in terms of both numbers and geographical extent.¹⁵

Elsewhere in the Spratly Islands, in February 1995, China began to occupy the Mischief Reef and drew protests from the Philippines, while China accused Manila of attempting to force its way into the waters enclosed in the atoll.¹⁶ Subsequently, in January 1996, the Philippines Navy engaged in an exchange of gunfire with suspected Chinese vessels near Capones Island in the Mischief Reef; the incident has never been acknowledged by Beijing.¹⁷ In several the years afterwards, the navy and coast guard of the Philippines expelled Chinese fishing boats forcibly on multiple occasions, causing some casualties.¹⁸

During this time, the USA demonstrated little interest in the South China Sea. Meanwhile, Beijing had already begun its negotiation with Vietnam to diffuse their dispute.¹⁹

But the seeds for further contention had been sown. In 1992, the PRC enacted its *Law on the Territorial Sea and the Contiguous Zone*. International commentators argued that this law's definitions of both regions were more expansive than allowed for under the *United Nations Convention on the Law of the Sea (UNCLOS)*, which China had signed in 1982 but had not yet ratified.²⁰

¹⁵ Ramses Amer (2012) 'Sino-Vietnamese border disputes', in Elleman (eds.) *Beijing's Power and China's Borders*, p.296.

¹⁶ Christopher C. Joyner (1999) 'The Spratly Islands Dispute in the South China Sea: Problems, Policies, and Prospects for Diplomatic Accommodation', *Investigating Confidence-Building Measures in the Asia-Pacific Region*, p.53, <https://www.jstor.org/stable/resrep10935.8>; Qi Zhou (2014) '冷战后美国南海政策的演变及其根源', *世界经济与政治*.

¹⁷ Ruben Alabastro (1996) 'Philippine Forces Report Clash With Chinese Ship', *The Moscow Times*, <https://www.themoscowtimes.com/archive/philippine-forces-report-clash-with-chinese-ship>; Nor Aini Mohd Nordin, Hazlan, & Tay Yap Leong (2024) 'An Analysis of The Current Security Situation in The South China Sea (SCS) Based on Maritime Confrontations Between The Philippines and China', *Malaysian Institute of Defence and Security*, <https://midas.mod.gov.my/gallery/publication/midas-commentaries/367-an-analysis-of-the-current-security-situation-in-the-south-china-sea-scs-based-on-maritime-confrontations-between-the-philippines-and-china>. Few publications in China mention this incident either. For an exception, see 李因才(2011) '南海争端: 较量无声胜有声', *南风窗*, republished on *Sohu News*, <https://news.sohu.com/20110701/n312234756.shtml>.

¹⁸ 瞭望中国 (2012), '90 年代至今中菲南海争端事件全纪实', <http://www.outlookchina.net/html/news/201205/4254.html>.

¹⁹ Amer (2012) 'Sino-Vietnamese border disputes', in Elleman (eds.) *Beijing's Power and China's Borders*, pp.297-300.

²⁰ Hyun-Soo Kim (1994) 'The 1992 Chinese Territorial Sea Law in the Light of the UN Convention', *The International and Comparative Law Quarterly*, <https://www.jstor.org/stable/761006>, pp.896-904; 中华人民共和国领海及毗连区法 (*Law of the People's Republic of China on Territorial Sea and Contiguous Zone*) (1992), https://www.mee.gov.cn/ywgz/fgbz/fl/202303/t20230314_1019569.shtml.

Four years later, in 1996, China did ratify and become a party to *UNCLOS*, joining the Philippines, Indonesia and Vietnam—albeit without amending the law implemented four years previously.²¹ A relative calm set in, with China and the ten Association of Southeast Asian Nations (ASEAN) countries all signing the *Declaration of Conduct of Parties in the South China Sea* in 2002. This served as a demonstration of Beijing’s and ASEAN’s willingness to resolve the issues through multilateral mechanisms.²²

It’s worth noting that in a parallel, contemporaneous development, following the dissolution of the Soviet Union, China successfully and peacefully demarcated borders with the newly independent Central Asian states.²³

These developments were indicative of a broader trend in Chinese foreign policy of the mid-1990s, that of defusing problems around the country’s borders through active diplomacy. There are several possible reasons for this trend. Beijing perhaps felt encouraged by the disappearance of geopolitical pressure from its north and west after the Soviet Union’s collapse, and the growing importance of international commerce provided additional impetus. The 1996 Taiwan Strait Crisis, in which China effectively had to back away from further military exercises near Taiwan in the face of America’s preponderant naval force, made Beijing acutely aware of the limits to its power, the fragility of the Sino-American détente, and the importance of nursing its diplomatic capital with neighbours.

THE CHAIN OF REACTIONS THAT LED US HERE

However, the *Declaration of Conduct* did not lead to successful negotiations between its parties regarding sovereignty over the waters and geographical features in the South China Sea. Nor did China relinquish its claim in the Nine-dash Line. And in 2009, clouds gathered once again.

In May 2009 Vietnam joined with Malaysia in making a proposal to the UN Commission on the Limits of the Continental Shelf. This proposal saw Vietnam and Malaysia each claiming half of the southern sectors of the SCS as their respective continental shelf—claims that would both

²¹ Parliamentary Library, Parliament of Australia (2022) ‘South China Sea chronology’, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/8483379/upload_binary/8483379.pdf, pp.10-12.

²² (United States) Council on Foreign Relations [henceforth CFR] (2025) *China’s Maritime Disputes, 1895-2024*, <https://www.cfr.org/timeline/chinas-maritime-disputes>.

²³ See Bruce Elleman (eds.) *Beijing’s Power and China’s Borders*, especially chapters about China’s relations with Kazakhstan, Tajikistan, and Kyrgyzstan.

grant exclusive rights to resource extraction and squeeze out China's claims.²⁴ China immediately submitted its own proposal to the UN in response, and also stepped up its coast guard activities in the SCS to demonstrate its sovereignty.²⁵

Adding to Beijing's sense of peril and urgency, the United States began to exert pressure on China. In 2010, President Obama declared that the US had a major interest in "open access to Asia's maritime commons", effectively rejecting China's claim to the disputed islands in the Nine-dash Line and associated territorial waters. During a visit to Australia in 2011, Obama debuted his policy of "pivot to Asia", implicitly designating China as its main strategic competitor.

China's activities in the South China Sea now elicited growing complaints from Vietnam and the Philippines.²⁶ In 2012, Chinese fishing vessels anchored at the Scarborough Shoal, and the Philippine Navy responded by dispatching planes and warships to monitor them, including boarding Chinese vessels for an inspection. The Chinese Coast Guard then joined in to deter further actions by the Philippines, though the Chinese fishing boats withdrew days later.²⁷ In 2013, the Philippines brought the case on the Spratly Islands dispute to the Permanent Court of Arbitration in the Hague—despite Beijing's objections to using a third-party arbitration mechanism. China's dispute with Japan over the Senkaku/Diaoyu Islands was also reignited by a collision between the two countries' vessels in September 2010.²⁸

China had not unilaterally exacerbated these tensions, but neither was it willing to concede. In 2012, making use of its chairmanship of ASEAN that year, Cambodia forestalled a communique from the ASEAN foreign ministers' meeting that would have made references to the South China Sea dispute. The Philippines accused Cambodia of taking cues from Beijing to foil a joint

²⁴ CFR (2025) *China's Maritime Disputes, 1895-2024*, <https://www.cfr.org/timeline/chinas-maritime-disputes>; Parliamentary Library, Parliament of Australia (2022) 'South China Sea chronology', pp.14-15, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/8483379/upload_binary/8483379.pdf; AMTI-CSIS (n.d.), *Maritime Claims of the Indo-Pacific*, <https://amti.csis.org/maritime-claims-map/>.

²⁵ Mika Hayashi (2024) 'The South China Sea: The International Legal Dimension', in Hensel (eds.) *Security Dynamics in the South China Sea: Contemporary Challenges and Opportunities*, p.118.

²⁶ CFR (2025) *China's Maritime Disputes, 1895-2024*, <https://www.cfr.org/timeline/chinas-maritime-disputes>.

²⁷ *Al Jazeera* (2012) 'Chinese fishing boats end Philippine standoff', <https://www.aljazeera.com/news/2012/4/14/chinese-fishing-boats-end-philippine-standoff>; Associated Press (2012) 'Philippine warship in standoff with China vessels', *The Guardian*, <https://www.theguardian.com/world/2012/apr/11/philippines-china-stand-off-south-china-sea>.

²⁸ CFR (2025) *China's Maritime Disputes, 1895-2024*, <https://www.cfr.org/timeline/chinas-maritime-disputes>.

communiqué, which Cambodia immediately denied.²⁹ In the same year, the Chinese Coast Guard once again stepped up its activities near the islands contested by Vietnam and the Philippines, leading to the alleged ramming and subsequent sinking of a Vietnamese boat in May 2014.³⁰

China began bracing for a prolonged stalemate before its current president Xi Jinping assumed the highest office. Internal discussions of a land reclamation program had begun in 2012; in its final months, the Hu Jintao-Wen Jiabao leadership also issued a slew of policy directives aimed at boosting China's maritime economic and strategic position. In 2013, Hainan's provincial government announced it would expand infrastructure in the SCS and, in the following two years, China started eleven land construction projects, reclaiming reefs and enlarging islands.³¹ Its land reclamation largely tapered off afterwards.

A circuit breaker seemingly arose in September 2015, during a summit discussion between Obama and Xi. The Chinese President reassured Obama that Beijing had no intention of militarising the land features in the Spratly Islands, and also denied that previous Chinese actions were driven by such an intention.³² However, only a month later, the US military conducted its first Freedom of Navigation Operation (FONOP) in the South China Sea. This involved a US guided missile destroyer sailing within 12 nautical miles of the China-controlled Subi Reef (in the Spratly Islands), signifying that Washington rejected Beijing's sovereignty claims there.³³ Following this, the PRC continued to build infrastructure, completing runways on

²⁹ BBC (2012) 'Asean nations fail to reach agreement on South China Sea', <https://www.bbc.com/news/world-asia-18825148>; Ernest Z. Bower (2012) 'China reveals its hand on ASEAN in Phnom Penh', *East Asia Forum*, <https://eastasiaforum.org/2012/07/28/china-reveals-its-hand-on-asean-in-phnom-penh/#more-27987>; Heng Sarith (2013) 'A job well done: Cambodia as ASEAN Chair in 2012', *East Asia Forum*, <https://eastasiaforum.org/2013/01/19/a-job-well-done-cambodia-as-asean-chair-in-2012/>.

³⁰ Parliamentary Library, Parliament of Australia (2022) 'South China Sea chronology', https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/8483379/upload_binary/8483379.pdf, p.16.

³¹ Ketian Zhang (2022) 'Explaining China's large-scale land reclamation in the South China Sea: Timing and rationale', *Journal of Strategic Studies*, <https://www.tandfonline.com/doi/full/10.1080/01402390.2022.2040486>, p.1191.

³² David Brunnstrom and Michael Martina (2015) 'Xi denies China turning artificial islands into military bases', *Reuters*, <https://www.reuters.com/article/world/xi-denies-china-turning-artificial-islands-into-military-bases-idUSKCNORP1ZG/>.

³³ Sam Lagrone (2015) 'U.S. Destroyer Comes Within 12 Nautical Miles of Chinese South China Sea Artificial Island, Beijing Threatens Response', *USNI News*, <https://news.usni.org/2015/10/27/u-s-destroyer-comes-within-12-nautical-miles-of-chinese-south-china-sea-artificial-island-beijing-threatens-response>; (United States) Department of Defense (2015) *U.S. Department of Defense Freedom of Navigation Program Fact Sheet*, [https://policy.defense.gov/Portals/11/Documents/gsa/cwmd/DoD%20FON%20Program%20-%20Fact%20Sheet%20\(March%202015\).pdf](https://policy.defense.gov/Portals/11/Documents/gsa/cwmd/DoD%20FON%20Program%20-%20Fact%20Sheet%20(March%202015).pdf).

four islands by early 2016 and deploying fighter jets on each; from February, it also began deploying surface-to-air missiles on Woody Island in the Paracels.³⁴

In short, China was often reacting to other states' manoeuvres in this period of rising tensions. It would be difficult to argue, therefore, that China was solely responsible for the escalation, or that it held a grand design to gain control throughout the area and expel its neighbours' presence entirely through incremental expansion. To the extent there was "salami slicing"—a term often used to describe Chinese policy there³⁵—it was the gradual enforcement of China's territorial claims, and Beijing has always seen the salami as its rightful possession.

China's leadership might well have perceived other states' actions as coordinated belligerence, which threatened to form a united front between its neighbours and the United States since about 2010 to surround and undermine the PRC. The uncompromising and gradually hardening stance from Beijing predated the changing of the guard to the Xi Jinping leadership.

³⁴ Liu Zhen (2016) 'Three in four people on Woody island in disputed South China Sea are Chinese military', *SCMP*, <https://www.scmp.com/news/china/diplomacy-defence/article/1919531/three-four-people-woody-island-disputed-south-china-sea>; Shannon Tiezzi (2016) 'Confirmed: China Deploys Missiles to Disputed South China Sea Island', *The Diplomat*, <https://thediplomat.com/2016/02/confirmed-china-deploys-missiles-to-disputed-south-china-sea-island/>.

³⁵ 'Salami slicing' frames China's actions as making small, incremental acquisitions of territory. E.g. Euan Graham (2025) 'Beijing finally slices off Sandy Cay', Australian Strategic Policy Institute, <https://www.aspistrategist.org.au/beijing-finally-slices-off-sandy-cay/>.

Law and a new order: the 2016 arbitration ruling and China's subsequent diplomacy

However genuine its security concerns, China certainly took a conspicuously hardline approach to the arbitration case brought by The Philippines in 2013. Beijing's refusal to accept the courts decision continues to be criticised. Still, Beijing defends its position within the framework of *UNCLOS*, which demonstrates at least a rhetorical commitment to international law on the South China Sea disputes. Moreover, the ruling was not as comprehensive a repudiation of China's SCS claims as commentators sometimes suggest.

ARBITRATION CASE OUTCOME

The arbitration case centred around the Scarborough Shoal and the Spratly Islands in the southeastern part of the SCS. In particular, Manila asked the Permanent Court of Arbitration in the Hague to rule on Beijing's claim to historical rights in there, and the legal status of the land features. After a three-year process, the court made its ruling in July 2016. It dismissed China's claim to "historic rights" in the Nine-dash Line area as being in contravention to *UNCLOS*, finding that such rights were superseded by the provisions of *UNCLOS* when China ratified the international convention.

The court also ruled that none of the geographical features in the Spratly Islands constituted islands in the legal sense. *UNCLOS* defines islands as natural features that remain above water even at high tide and can sustain human habitation or economic life. The court deemed the structures as no more than rocks and reefs, which do not generate EEZ. As such, the court ruled that the EEZ of the Philippines was defined by its coast baseline, extending seaward by 200 nautical miles and encompassing the Spratly Islands; likewise, its continental shelf was determined as extending well into the Nine-dash Line area.³⁶ The court also concluded that

³⁶ Hayashi (2024) 'The South China Sea: The International Legal Dimension', in Hensel (eds.) *Security Dynamics in the South China Sea*, pp.120-121; Marvel (2024) 'The South China Sea arbitration', in Christina Voigt (eds.) *International Courts versus Non-Compliance Mechanisms: Comparative Advantages in Strengthening Treaty Implementation*, <https://doi.org/10.1017/9781009373913.029>, pp.475-478.

Chinese land reclamation, fishing, and other actions that disrupted the Philippines's economic activities in those areas were in breach of *UNCLOS*.³⁷

The ruling dealt a blow to China's claims, but it did not represent a mandate for China's complete withdrawal from the Spratly Islands or elsewhere in the Nine-dash Line. For a start, the case was not concerned with the question of who had sovereignty over the reefs or islands in the SCS *per se*, since the Philippine case deliberately excluded the question.³⁸ Moreover, *UNCLOS* allows for the possibility of high-tide features as sovereign territories. High-tide features are rocks that remain above water during high tide, but which cannot sustain economic life of their own and thus do not qualify as islands.³⁹ In other words, China could still claim certain geographical features as its territory and claim corresponding territorial sea.

More specifically, of the reefs on which China has built airfields, the Permanent Court of Arbitration identified only Mischief Reef as a low-tide elevation in the Philippines' EEZ (and, by implication, part of the Philippines' natural resources therein). The Fiery Cross Reef was identified as an independent "rock" and a high-tide elevation, making it eligible for a territorial claim and corresponding territorial sea—but not an EEZ. Subi Reef was deemed a low-tide feature and therefore part of the territorial sea attached to Thitu, which was deemed a high-tide feature. Again, the sovereignty over Thitu (under Philippine occupation since 1971) was not addressed by the court.⁴⁰

As such, China could still make an argument—which would be consistent with the court's finding—that Subi Reef, the Fiery Cross Reefs and Thitu were all its sovereign territory. This would leave open the possibility of an understanding with Manila, where Beijing accepts continued Filipino control of Thitu Island in exchange for Manila accepting continued Chinese control of Mischief Reef.

In any case, Beijing refused to countenance having its policy dictated by a third party. It held fast to a position that it first articulated in 2006, when—according to its interpretation of Article 298 of *UNCLOS*—it made a "declaration of exception" to exclude sovereignty disputes over the

³⁷ Permanent Court of Arbitration (2016) *An Arbitration... between the Republic of the Philippines and the People's Republic of China: Award*, <https://pcacases.com/web/sendAttach/2086>, paragraphs 716, 757, 814, 992-993, 1109.

³⁸ Mary Jude Cantorias Marvel, 'The South China Sea Arbitration', in Christina Voight and Caroline Foster (eds.) *International Courts versus Non-Compliance Mechanisms*, p.475.

³⁹ *United Nations Convention on the Law of the Sea* (1982)

https://www.un.org/Depts/los/convention_agreements/texts/unclos/part8.htm; Rebecca Strating (2018) 'Maritime Disputes and the Rules-Based Order', *Australian Outlook*,

<https://www.internationalaffairs.org.au/australianoutlook/maritime-disputes-and-the-rules-based-order/>.

⁴⁰ Permanent Court of Arbitration (2016) *An Arbitration... between the Republic of the Philippines and the People's Republic of China: Award*, <https://pcacases.com/web/sendAttach/2086>, paragraphs 373, 382-384, 392, 622, 644-647.

South China Sea from compulsory international procedures. China has since insisted that the Permanent Court of Arbitration had no jurisdiction over these matters.⁴¹ This, of course, also contradicted the ruling of the court, and Beijing's refusal to participate in the process certainly did not help its case. The United States and the EU, for their part, were united in their call for China to adhere to the Court's ruling.⁴²

CHINA'S PEACEMAKING WITHOUT CONCESSIONS

The fallout from the arbitration case was contained thanks to China's persistent bilateral diplomacy, forestalling a greater crisis. Two weeks after the ruling, the ASEAN foreign ministers' meeting produced a communique regarding the SCS, but due to the opposition of Cambodia—with its close ties to Beijing—it failed to make a reference to the outcome of the case. China and ASEAN also produced a joint statement of their foreign ministers, whereby ASEAN accepted Beijing's favoured position by agreeing to implement the 2002 *Declaration of Conduct*.⁴³

Other claimants were amenable to continued negotiation, not least the Philippines. In October 2016, under President Rodrigo Duterte, the Philippine government announced the resumption of bilateral talks with Beijing over their points of dispute. Soon after, it declared a no-fishing zone around the Scarborough Shoal, neutralising crucial contention between the two countries.⁴⁴ In November, during his visit to China, Malaysian Prime Minister Najib Abdul Razak

⁴¹ *United Nations Convention on the Law of the Sea* (1982)

https://www.un.org/depts/los/convention_agreements/texts/unclos/part15.htm; (China) MFA (2014) 中华人民共和国政府关于菲律宾共和国所提南海仲裁案管辖权问题的立场文件,

https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676452/1207_676464/201412/t20141207_7977735.shtml; (China) MFA (2015) 中华人民共和国外交部关于应菲律宾共和国请求建立的南海仲裁案仲裁庭关于管辖权和可受理性问题裁决的声明,

https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676452/1207_676464/201510/t20151030_7977737.shtml. For a summary of Beijing's position, see South China Sea and the Philippines Arbitration case research group, China Law Society [中国法学会菲律宾南海仲裁案研究小组] (2016) '与南海仲裁案之历史性权利问题有关的事实认定和法律适用报告', *China Law Society*,

<https://www.chinalaw.org.cn/portal/article/index/id/20570.html>.

⁴² *The Guardian* (2016) 'South China Sea: Britain says court of arbitration ruling must be binding',

<https://www.theguardian.com/world/2016/apr/19/south-china-sea-britain-court-arbitration-ruling-binding>.

⁴³ *Al Jazeera* (2016) 'ASEAN bloc breaks deadlock on South China Sea',

<https://www.aljazeera.com/news/2016/7/25/asean-bloc-breaks-deadlock-on-south-china-sea>; 张锋 (2017),

'Assessing China's response to the South China Sea arbitration ruling', *Australian Journal of International Affairs*, Vol. 71, issue 4, <https://doi.org/10.1080/10357718.2017.1287876>, p.451.

⁴⁴ CFR (2025) *China's Maritime Disputes, 1895-2024*, <https://www.cfr.org/timeline/chinas-maritime-disputes>.

signed a memorandum of understanding on military matters with the Chinese government aimed at mitigating risks arising from their conflicting claims.⁴⁵

Beijing also continued diplomacy at the level of ASEAN itself: in 2017, China and ASEAN announced a *Framework* for an eventual *Code of Conduct for the South China Sea*, a progression from the 2002 *Declaration*. The next year, they reached a single draft negotiating framework on the *Code of Conduct*, with the draft's tortured legalese reflecting the delicacy of the process.⁴⁶ A few months later, the first joint naval exercise between China and ASEAN was held, an occasion touted by both sides as a confidence-building milestone.⁴⁷

However, China still refused to make substantive concessions in either its claims or in tactics. As the Chinese scholar Zhang Feng points out, the manifestly adverse ruling by the Permanent Court of Arbitration galvanised hardline views in China, and its patrol and land reclamation activities intensified in the subsequent months.⁴⁸ Meanwhile, the United States also kept up its pressure, with the Trump Administration making Freedom-of-Navigation Operations (FONOPs) more frequent occurrences.⁴⁹ In September 2018, during the twelfth FONOP by the US Navy, American and Chinese vessels narrowly avoided a collision, and the incident served to exacerbate their bilateral tensions.⁵⁰ In 2019, China's maritime activities once again elicited protests from Hanoi and Manila. These reached a crescendo in April 2020 when a Vietnamese fishing boat sank after colliding with a Chinese Coast Guard vessel near the Paracel Islands.⁵¹

⁴⁵ *The Guardian* (2016) 'China and Malaysia agree on military cooperation in the South China Sea', <https://www.theguardian.com/world/2016/nov/02/china-and-malaysia-agree-on-military-cooperation-in-the-south-china-sea>.

⁴⁶ Viet Hoang (2020), 'The Code of Conduct for the South China Sea: A Long and Bumpy Road', *The Diplomat*, <https://thediplomat.com/2020/09/the-code-of-conduct-for-the-south-china-sea-a-long-and-bumpy-road/>.

⁴⁷ *The Guardian* (2016), 'China and Malaysia agree on military cooperation in the South China Sea', <https://www.theguardian.com/world/2016/nov/02/china-and-malaysia-agree-on-military-cooperation-in-the-south-china-sea>; Annabelle Liang (2018) 'Southeast Asian navies to hold 1st joint drills with China' *Associated Press*, <https://apnews.com/general-news-eeb3463f4a1244f9b61ac914abecedde>.

⁴⁸ 张锋 (2017) 'Assessing China's response to the South China Sea arbitration ruling', *Australian Journal of International Affairs*, p.448.

⁴⁹ Hu Bo (2023), 'Feature-challenge Freedom of Navigation Operations and the Major Agendas of U.S. Policy toward China', *South China Sea Probing Initiative*, <http://www.scspi.org/en/dtfx/feature-challenge-freedom-navigation-operations-and-major-agendas-us-policy-toward-china>.

⁵⁰ Brad Lendon (2018) 'Photos show how close Chinese warship came to colliding with US destroyer', *CNN*, <https://www.cnn.com/2018/10/02/politics/us-china-destroyers-confrontation-south-china-sea-intl/index.html>.

⁵¹ *Al Jazeera* (2020) 'Philippines backs Vietnam after China sinks fishing boat', <https://www.aljazeera.com/news/2020/4/9/philippines-backs-vietnam-after-china-sinks-fishing-boat>.

But China's activities have not been the only source of risks: collisions and vessel seizures have also occurred between Vietnamese fishers and Indonesian forces, as the two countries contended their fishing rights in the SCS.⁵²

Elsewhere, there was a trilateral stalemate in 2020 between Vietnam, China and Malaysia over the latter's oil and gas drilling activities.⁵³ Finally, since 2021, Vietnam built and extended two long runways in the Spratly Islands and conducted land reclamation on another reef, creating a structure sizable enough for a third runway.⁵⁴

Since the arbitration decision, the dispute between Beijing and Manila has remained the most persistent and acrimonious in the region. In a reversal of its hitherto conciliatory policy, the Duterte Administration made a conspicuous protest in early 2021 against China's deploying a fleet of coast guard vessels around Whitsun Reef in the Spratly Islands.⁵⁵ Later in the year, Philippine supply ships for its troops on the Second Thomas Shoal were targeted by Chinese Coast Guard's water cannons and driven back.⁵⁶

In mid-2024, a more intense, close-up confrontation ensued in the same region, with the Philippines accusing the Chinese Coast Guard of forcibly boarding Philippine Navy's boats, and attacking and injuring sailors attempting to resupply a Filipino outpost in the disputed zone.⁵⁷ Since Ferdinand Marcos Jr. assumed the presidency in 2022, his administration has tightened military cooperation with the United States, particularly in giving the US greater access to Philippine bases, and conducting a joint patrol with American, Japanese, and Australian navies in the Philippines' EEZ in the South China Sea.⁵⁸

⁵² Greta Nabbs-Keller (2019) 'Indonesia–Vietnam maritime clash a sign of rising Indo-Pacific tensions', *Australian Strategic Policy Institute*, <https://www.aspistrategist.org.au/indonesia-vietnam-maritime-clash-a-sign-of-rising-indo-pacific-tensions/>.

⁵³ AMTI-CSIS (2020) 'Update: Chinese Survey Ship Escalates Three-Way Standoff', <https://amti.csis.org/chinese-survey-ship-escalates-three-way-standoff/>.

⁵⁴ AMTI-CSIS (2024) 'How many runways is Vietnam building in the Spratly Islands?', <https://amti.csis.org/how-many-runways-is-vietnam-building-in-the-spratly-islands/>; Radio Free Asia staff (2024) 'Vietnam builds airstrip on reclaimed island in South China Sea', *Benar News*, <https://www.benarnews.org/english/news/philippine/vietnam-builds-airstrip-on-reclaimed-island-in-south-china-sea-10252024132012.html>.

⁵⁵ Jim Gomez (2021) 'Philippine defence chief asks Chinese flotilla to leave reef', *Australian Financial Review*, <https://www.afr.com/world/asia/philippine-defense-chief-asks-chinese-flotilla-to-leave-reef-20210322-p57czv>.

⁵⁶ *Al Jazeera* (2021) 'Philippines tells China to "back off" after South China Sea clash', <https://www.aljazeera.com/news/2021/11/18/philippines-tells-china-to-back-off-after-south-china-sea-clash>.

⁵⁷ *Al Jazeera* (2024) 'China Coast Guard accused of behaving "like pirates" in South China Sea', <https://www.aljazeera.com/news/2024/6/20/china-coast-guard-accused-of-behaving-like-pirates-in-south-china-sea>.

⁵⁸ Aaron-Matthew Lariosa (2024) 'Warships from the Philippines, Australia, New Zealand, U.S. and Japan Sail in Joint South China Sea Patrol', *USNI News*, <https://news.usni.org/2024/09/29/warships-from-the-philippines-australia-new-zealand-u-s-and-japan-sail-in-joint-south-china-sea-patrol>.

RECENT DEVELOPMENTS: BETTER TO BE LOVED THAN TO BE FEARED

Since 2024, Beijing has managed to silo its disputes into various bilateral diplomatic channels. For instance, Malaysia, which has abundant gas and oil resources within the Nine-dash Line, insists on continuing resource exploration in its claimed EEZ. Yet in October 2024 Kuala Lumpur began bilateral dialogue with Beijing over maritime matters for the first time.⁵⁹ A few weeks later, Indonesia reached an agreement with China to jointly develop maritime resources, including in their overlapping claims. This drew criticism from commentators within and beyond Indonesia that Jakarta was effectively recognising Chinese claims in the Nine-dash Line at the expense of its ASEAN neighbours.⁶⁰ Brunei and China, despite their overlapping claims, have reiterated their intention to cooperate over hydrocarbon resources development in the SCS in February 2025.⁶¹

Vietnam's navy and coast guard hold joint patrols in the SCS with their counterparts of various countries, including China.⁶² And while China's Ministry of Foreign Affairs has made its first public protest to Vietnam's island-building in the Spratlys in February 2025, its language was restrained and, as of the time of writing, China has not taken concrete actions to interfere with Vietnamese activities on those reefs.⁶³

These developments are consistent with the foreign policy strategy set out by Xi Jinping in 2021, when he spoke of stepping away from the "Wolf Warrior Diplomacy" towards the projection of

⁵⁹ *The Strait Times* (2024) 'PM Anwar says Petronas project in South China Sea is in Malaysian territory', <https://www.straitstimes.com/asia/se-asia/malaysia-pm-anwar-says-petronas-project-in-south-china-sea-is-in-malaysian-territory>; Orange Wang (2024) 'South China Sea needs "pragmatic cooperation", Beijing and Kuala Lumpur agree', *SCMP*, <https://www.scmp.com/news/china/diplomacy/article/3282704/south-china-sea-needs-pragmatic-cooperation-beijing-and-kuala-lumpur-agree>.

⁶⁰ Raissa Robles and Amy Sood (2024) 'Indonesia's Natuna Islands China pact slammed as "grave mistake", risks territorial rights', *SCMP*, <https://www.scmp.com/week-asia/politics/article/3286097/indonesias-china-pact-natuna-islands-criticised-grave-mistake-risks-territorial-rights>; Heru Andriyanto (2024) 'Indonesia, China Sign MoU on Blue Economy Cooperation during Prabowo's Visit', *Jakarta Globe*, <https://jakartaglobe.id/business/indonesia-china-sign-mou-on-blue-economy-cooperation-during-prabowos-visit>.

⁶¹ Laura Zhou (2025) 'Maritime rivals China and Brunei vow to work together on oil and gas in disputed waters', *South China Morning Post*, <https://www.scmp.com/news/china/diplomacy/article/3297849/maritime-rivals-china-and-brunei-vow-work-together-oil-and-gas-disputed-waters>.

⁶² Hanh Nguyen (2024) 'Cooperation and struggle define Vietnam's approach to China', *East Asia Forum*, <https://easiaforum.org/2024/10/28/cooperation-and-struggle-define-vietnams-approach-to-china/>

⁶³ Liz Lee (2025) 'China opposes Vietnam's building work on disputed reef in South China Sea', *Reuters*, <https://www.reuters.com/world/asia-pacific/china-opposes-vietnams-building-work-disputed-reef-south-china-sea-2025-02-19/>.

a “lovable and respectable image of China”.⁶⁴ Since Donald Trump’s political resurrection became an increasingly likely prospect in the second half of 2024, Beijing also hastened to improve relations with India and Japan, both of whom have outstanding territorial disputes with the PRC.⁶⁵

In pursuit of their own interests, China’s ASEAN neighbours have sought to reduce tension over these waters and thus avoid a potential confrontation between China and the US. Against the background of the growing Sino-Philippine tensions, Singapore’s foreign minister Vivian Balakrishnan, when discussing the South China Sea dispute in Manila in April 2024, told reporters that “no single ASEAN country wants to become a proxy, or a vassal state of any power”. He then stressed that ASEAN needs to deal with “the diversity of our approaches externally”, but still “maintain unity, cohesion and centrality of ASEAN”, holding up as an example the negotiation with China over the Declaration of Conduct on the South China Sea.⁶⁶ This was an implicit signal of Singapore’s discomfort with Manila’s strategy of enlisting American power to confront China in the SCS.

A more explicit expression came from Malaysian Prime Minister Anwar Ibrahim. At the Davos forum in 2025, he said that Malaysia still had territorial disputes with even their closest neighbours but “we do focus on the economic fundamentals and move on”. According to him, China, which had been “very reasonable” in dealing with Malaysia, should not be singled out over similar issues.⁶⁷

Also noteworthy is the fact that China’s land reclamation activities have slowed considerably in recent years. The US think tank, the Center for Strategic and International Studies, has provided no update on these activities since August 2017. The satellite images hosted on the Center’s

⁶⁴ *Xinhua* (2021) ‘习近平主持中共中央政治局第三十次集体学习并讲话’, https://www.gov.cn/xinwen/2021-06/01/content_5614684.htm.

⁶⁵ Yun Sun (2025), ‘China’s Trump Strategy’, *Foreign Affairs*, <https://www.foreignaffairs.com/china/chinas-trump-strategy>.

⁶⁶ Ministry of Foreign Affairs, Singapore (2024) *Visit by Minister for Foreign Affairs Dr Vivian Balakrishnan to the Republic of the Philippines, 15 to 18 April 2024*, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/04/20240416-FMV-Philippines>; Mara Cepeda (2024) ‘Asean states may differ in approach to South China Sea spat, but all are seeking peace: Vivian’, *Strait Times*, <https://www.straitstimes.com/asia/se-asia/south-china-sea-claimants-should-settle-dispute-peacefully-vivian>. The author thanks Susannah Patton from the Lowy Institute for bringing this to his attention in a conversation.

⁶⁷ *The Strait Times* (2025) ‘Malaysia’s Anwar says China should not be singled out in South China Sea tensions’, <https://www.straitstimes.com/world/europe/malaysias-anwar-says-china-should-not-be-singled-out-in-sea-tensions>.

website, which does include more recent photos, indicate very few changes to those geographical features since that time, including where China has established military bases.⁶⁸

In summary, while China has translated its growing economic power into coast guard and naval capabilities—and upon that basis has increasingly asserted its sovereignty claims—since signing the 2002 *Declaration* it has neither pursued large-scale, outright confrontations, nor made direct attempts to dislodge other claimant's garrisons.

In addition, China certainly does not have a monopoly on the use of armed forces to assert its claims of sovereignty. As described above, both Vietnam and the Philippines have deployed coast guards and navy in the SCS to defend their claims as well. And while the PRC continues to refuse to negotiate territorial boundaries in the South China Sea, its claims have not, in fact, expanded since its founding.

⁶⁸ AMTI-CSIS (2017) 'UPDATE: China's Continuing Reclamation in the Paracels', <https://amti.csis.org/paracels-beijings-other-buildup/>; AMTI-CSIS (n.d.) *China Island Tracker*, <https://amti.csis.org/island-tracker/china/>.

Coalition of the half-willing: intervention by the United States and its allies

Over the past decade, America's policy on the SCS has been a major irritant for Beijing, even more than those of Vietnam and the Philippines. The US and its Western allies present China with a united front from beyond of the South China Sea in challenging China's sovereignty claims. Although the US has never been a party to the *UN Convention on the Law of the Sea*, senior US officials have frequently charged China with acting in contravention of that convention.⁶⁹

The main points of contention between the two sides have remained largely consistent:

- Washington sees Beijing's claim to historic rights within the Nine-dash Line as (potentially) amounting to claims over the entirety of the area demarcated, despite China's actual claims revolving around limited geographical features within this zone.
- Washington continues to urge Beijing to adhere to the 2016 ruling of the Permanent Court of Arbitration in relation to the Philippines, including the judgement that the features in the Spratly Islands are not true "islands" and thus do not legally generate sovereignty claims.
- Washington disputes the international legal basis of Beijing's policy of insisting that, as the state whose territorial sea are used for such passage ("coastal state"), Beijing's approval must be sought and obtained by any other country wishing to exercise the right of "innocent passage" within its territorial sea.
- A related disagreement revolves around whether *UNCLOS* discourages other countries from engaging in military activities in a coastal state's exclusive economic zone. Beijing argues that the security interest of the coastal state must be respected and foreign military activities be minimised, and that it is therefore entirely reasonable for Beijing to deploy its own military vessels (airborne or maritime) in such regions, to both monitor foreign presence and to protest against unwelcome intrusions.

⁶⁹ 胡波 (2021) '中美南海竞争的格局和趋势', *外交评论* [Foreign Affairs Review], https://cmss.pku.edu.cn/system/_content/download.jsp?urltype=news.DownloadAttachUrl&owner=1460910490&wbfileid=5142721, p.38.

- On the SCS disputes, Washington insists on the binding nature of third-party international institutions, while Beijing rejects the involvement of such mechanisms without its consent.⁷⁰

Maintaining pressure on the issue of the South China Sea is also part of the bipartisan China policy consensus in Washington. Since 2015, Freedom-of-Navigation Operations (FONOPs) has been the most direct and lasting military expression of that policy.

These operations involve American military vessels sailing or flying through China's claimed territorial sea or the airspace above, within 12 nautical miles of its features and baselines, without China's approval. As the US is not a signatory of the *UN Convention on the Law of the Sea*, the legal basis of this practice is questionable, and Washington's allies have mostly refrained from following the US in the use of this tactic, no doubt also because of the military risks entailed.

These operations are not exclusively directed at China: between 2021 and 2023, the US has conducted FONOPs in the territorial seas of nearly 20 countries, including United Arab Emirates, Iran, Malta, Croatia, Russia, and Japan.⁷¹ However, many of these countries are US allies with whom the risk of military escalation is non-existent, and the political implication is qualitatively different.

In the case of China, given that Chinese military ships and aircraft routinely conduct close approaches and follow these American vessels, there is a substantial risk of these operations resulting in collisions.

UNCLE SAM AND UNCLOS

Washington maintains that its policy and conduct in the SCS is based on “customary international laws as reflected in the 1982 the Law of the Sea Convention”, but its position is a delicate one, and not entirely within the framework of *UNCLOS*.⁷² The US itself is not party to *UNCLOS*—while the Clinton Administration signed it in 1994, it was not ratified by the US

⁷⁰ 胡波 (2021) ‘中美南海竞争的格局和趋势’, pp.28-30.

https://cmss.pku.edu.cn/system/_content/download.jsp?urltype=news.DownloadAttachUrl&owner=1460910490&wbfileid=5142721; Hayashi (2024) ‘The South China Sea: The International Legal Dimension’, in Hensel (eds.) *Security Dynamics in the South China Sea*, pp.121-123.

⁷¹ US Department of Defence (2023), *Annual Freedom of Navigation Report, Fiscal Year 2023*, <https://policy.defense.gov/OUSDP-Offices/FON/>.

⁷² For US position, see Commander, US 7th Fleet Public Affairs (2024) ‘U.S. Navy Destroyer Conducts Freedom of Navigation Operation in the South China Sea’, US Navy, <https://www.navy.mil/Press-Office/News-Stories/Article/3771407/us-navy-destroyer-conducts-freedom-of-navigation-operation-in-the-south-china-s/>.

Senate, and has not been since.⁷³ This fact gives rise to China’s criticism that Washington’s involvement in the SCS is itself unsupported by international law.⁷⁴ There is little sign of Washington addressing this contradiction: in its early-2024 study on the SCS, the United States Congressional Research Service tabulated arguments on both sides regarding the desirability of America ratifying *UNCLOS*, and the following reasons for the US not to join the Convention are particularly telling:

- Because Beijing can mount a legal justification of its SCS policy within the framework of *UNCLOS*, the Convention may not serve American interests;
- The Freedom of Navigation Operations are already justified on the basis of “customary international law”, as demonstrated and supported through US action (which forms circular logic between “custom” and practice);⁷⁵ and
- For its position on the complete legitimacy of military navigation through another country’s exclusive economic zone, the US can draw on the support of its allies.⁷⁶

In other words, Washington takes an entirely instrumental approach to its invocation of *UNCLOS*.

ALLIES FOLLOW, AT A DISTANCE

Given Washington’s unwillingness to join *UNCLOS*—and the somewhat questionable legal basis for action that results—the participation of its allies has been a key pillar of its South China Sea policy. The Obama, Trump, and Biden administrations have all sought their allies’ participation in FONOPs.

But regardless of these allies’ declared positions, or whether they have territorial disputes with the PRC themselves, there remains an evident discrepancy between their conduct and that of the United States. While Britain, France, Germany, and Australia have called on the implementation of the 2016 arbitration ruling and sailed through the SCS, they have very rarely emulated American practice of sailing *within* the territorial sea claimed by China, and therefore

⁷³ Congressional Research Service (2024) *U.S.-China Strategic Competition in South and East China Seas*, <https://www.congress.gov/crs-product/R42784>, p.43.

⁷⁴ E.g. (China) Ministry for Foreign Affairs press conference, 12 July (2024), http://us.china-embassy.gov.cn/lcibt/wjbfyrbt/202407/t20240712_11453092.htm.

⁷⁵ For instance, a 2024 document from the US State Department tabulating the government’s positions on international legal issues contains no explanation on this point. See (US) Department of State (2024) *Digest of United States Practice in International Law*, <https://www.state.gov/wp-content/uploads/2024/12/2023-Digest-of-United-States-Practice-in-International-Law-Full.pdf>, pp. 462-465.

⁷⁶ Congressional Research Service (2024) *U.S.-China Strategic Competition in South and East China Seas*, <https://www.congress.gov/crs-product/R42784>, p.45.

have provided little substantive challenge to the latter's sovereignty claims. This suggests their aversion to the danger of a military conflict with China over the SCS. And as the report will show later, with the People's Liberation Army (PLA) continuing to strengthen its capabilities, its adversaries' prospects in such a conflict appear increasingly unfavourable.

The British Royal Navy conducted its only US-style FONOP in 2018 with one ship, resulting in a public condemnation from the Chinese Ministry of Foreign Affairs, but no further exchanges followed.⁷⁷

In March 2018, the French navy dispatched a patrol through the SCS but there is no evidence that its ships sailed within 12 nautical miles of any land feature controlled by China there; in February 2021, with some publicity, another French patrol did enter China's claimed territorial sea, but Beijing made a muted response without pointedly criticising France.⁷⁸

Germany conducted its only FONOP in the South China Sea late in 2021 (its ships transited the Taiwan Strait in 2024 but did not do so in the SCS), resulting in little more than a critical statement from Beijing and no further German action.⁷⁹

Japan has participated in multilateral naval exercises in the South China Sea and voiced its support for the principle of freedom of navigation.⁸⁰ However, the Japanese Self Defence Force

⁷⁷ The Guardian (2018) 'China complains over British warship sailing through disputed South China Sea', <https://www.theguardian.com/world/2018/sep/06/china-complains-over-british-warship-sailing-through-disputed-south-china-sea>; (China) Ministry of Foreign Affairs (2018) '外交部发言人就英国军舰擅入中国西沙领海答记者问', http://gb.china-embassy.gov.cn/sbjw/202206/t20220617_10705236.htm.

⁷⁸ *Army Recognition Group* (2018) 'French Navy Frigate Conducts FONOP in South China Sea', <https://armyrecognition.com/news/navy-news/2018/french-navy-frigate-conducts-fonop-in-south-china-sea>; Sebastian Seibt (2021) 'French Navy Frigate Conducts FONOP in South China Sea', *France 24*, <https://www.france24.com/en/france/20210212-france-wades-into-the-south-china-sea-with-a-nuclear-attack-submarine>; (China) MFA press conference, 10 February (2021), https://www.mfa.gov.cn/web/fyrbt_673021/jzhsl_673025/202102/t20210210_9604764.shtml.

⁷⁹ *Reuters* (2021) 'First German warship in almost two decades enters South China Sea', <https://www.reuters.com/world/first-german-warship-almost-two-decades-enters-south-china-sea-2021-12-15/>; Alex Luck (2024) 'German Navy Ships Transit Taiwan Strait, Draw Chinese Criticism', *Naval News*, <https://www.navalnews.com/naval-news/2024/09/german-navy-transits-taiwan-strait/>; (China) MFA press conference, 23 December (2021), https://www.mfa.gov.cn/fyrbt_673021/202112/t20211223_10474830.shtml.

⁸⁰ Benar News (2019) 'Philippine, US, Japanese and Indian Navies Sail Across South China Sea', <https://www.benarnews.org/english/news/philippine/sail-exercise-05092019131358.html>; *Taipei Times* (2024) 'US, Japan and the Philippines patrol South China Sea', <https://www.taipeitimes.com/News/world/archives/2024/12/07/2003828116>; Jason Gutierrez (2024) 'Philippines, US, Japan stage joint naval manoeuvres in South China Sea', *Radio Free Asia*, <https://www.rfa.org/english/southchinasea/2024/12/06/philippines-south-china-sea-allies-maneuvers/>.

has not sailed within China's claimed territorial sea in the SCS, as disputes with Beijing on the East China Sea remain Tokyo's primary focus.⁸¹

In 2024, the conservative Yoon Suk Yeol administration of the Republic of Korea signalled its intention to expand collaboration with ASEAN states over South China Sea, but implied that it would not participate in FONOPs.⁸² After Yoon's impeachment, the dynamic of Korean politics seems even less likely to produce a more confrontational policy in the SCS.

Taipei has been insistent on its territorial claims in the SCS, and has recognised neither the China v. Philippines arbitration outcomes nor the 2002 *Declaration of Conduct of Parties in the South China Sea*.⁸³ The current administration of the Democratic Progressive Party, the political force in Taiwan more opposed to Beijing, has gradually confined its active claims to a smaller number of features in the area, and has declared its support for FONOP by America and its allies. Still, it has not participated in any of these operations.⁸⁴

AUSTRALIA'S POSITION

In 2016, as the opposition spokesperson on defence affairs, Richard Marles—Australia's current Defence Minister—called on Australia to conduct US-style FONOPs. This call was rebuked by the then-Australian Foreign Minister from the centre-right Liberal Party, Julie Bishop.⁸⁵

Since coming to power in 2022, the Labor Party has not pursued this policy, despite continuing the country's long-standing practice of sailing through the South China Sea. However, Australia does seem ready to tolerate greater risks in the SCS than Washington's other external allies. Days after the Australian general election in May 2022, a patrolling Australian aircraft in the SCS

⁸¹ *Radio Free Asia* (2022) 'Japan reported to have conducted free navigation ops in South China Sea', <https://www.rfa.org/english/news/china/japan-southchinasea-01122022144855.html>.

⁸² Christy Lee (2024) 'South Korea steps up commitment to South China Sea, with limits', *Voice of America*, <https://www.voanews.com/a/south-korea-steps-up-commitment-to-south-china-sea-with-limits-/7823614.html>.

⁸³ Kevin Magee (2023) 'Taiwan's South China Sea', *The China Story*, <https://www.thechinastory.org/taiwans-south-china-sea/>; 廖議群

(2004) '從東協「南海各方行為宣言」淺談台灣立場', *海巡論壇*, <https://www.cga.gov.tw/GipOpen/wSite/public/Attachment/f1261044030008.pdf>.

⁸⁴ Ministry of Foreign Affairs, Republic of China (Taiwan) press release (2022) '外交部長吳釗燮接受英國獨立電視新聞台視訊專訪，重申我國不求戰，但絕不會在中國壓力脅迫下屈服', https://www.mofa.gov.tw/News_Content.aspx?n=95&s=97383.

⁸⁵ Ian Henry (2019) 'Australia struggles for clarity on the South China Sea', *The Interpreter*, Lowy Institute, <https://www.lowyinstitute.org/the-interpreter/australia-struggles-clarity-south-china-sea>.

was challenged by a Chinese fighter jet.⁸⁶ In September 2024, Australia again conducted a joint patrol in waters alongside the Philippines, Japan, and New Zealand.⁸⁷

And in February 2025, for the first time, Australia drew an accusation from China of intruding into Chinese territory—in this case, with a fly-over in Chinese-claimed airspace in the Paracel Islands. The offending patrol aircraft was approached by a People's Liberation Army Air Force jet which reportedly deployed flares directly in front of it. However, neither side provided location details of the encounter.⁸⁸

A similar incident occurred in October 2025 in the same area with the same type of Royal Australian Air Force patrol aircraft; a Chinese jet was similarly alleged to have deployed flares. This marked the second time when China publicly accused Australian military aircraft of intruding in its airspace.⁸⁹

For the Chinese side, these developments would have confirmed the suspicion, expressed by a senior academic in the National Institute of South China Sea Studies, that Australia's involvement (and that of Japan) would cause additional complications for China.⁹⁰

⁸⁶ Andrew Greene and Jade Macmillan (2022) 'Fears grow of possible miscalculation involving Australian military in contested South China Sea', (Australia) *ABC News*, <https://www.abc.net.au/news/2022-07-14/possible-miscalculation-australian-military-in-south-china-sea/101236626>; Donald Rothwell (2022) "Is Australia in danger of becoming the US's 'deputy sheriff' in the South China Sea?", *The Conversation* (Australia), <https://theconversation.com/is-australia-in-danger-of-becoming-the-uss-deputy-sheriff-in-the-south-china-sea-189314>.

⁸⁷ Lariosa (2024) 'Warships from the Philippines, Australia, New Zealand, U.S. and Japan Sail in Joint South China Sea Patrol', *USNI News*, <https://news.usni.org/2024/09/29/warships-from-the-philippines-australia-new-zealand-u-s-and-japan-sail-in-joint-south-china-sea-patrol>.

⁸⁸ (China) MFA press conference 13 February (2025), http://www.mod.gov.cn/gfbw/qwfb/yw_214049/16369426.html; (Australia) Defence Media (2025) *Statement on unsafe and unprofessional interaction with People's Liberation Army–Air Force*, <https://www.defence.gov.au/news-events/releases/2025-02-13/statement-unsafe-and-unprofessional-interaction-peoples-liberation-army-air-force>.

⁸⁹ Liu Xuanzun and Liang Rui (2025) 'PLA warns away Australian P-8A warplane intruding into China's territorial airspace over Xisha with powerful countermeasures: military', *Global Times*, <https://www.globaltimes.cn/page/202510/1346082.shtml>; Dziedzic (2025) 'Chinese fighter jet released flares 'very close' to Australian aircraft', *ABC News*, <https://www.abc.net.au/news/2025-10-20/chinese-fighter-jet-released-flares-close-to-australian-aircraft/105913308>

⁹⁰ 吴士存 (2018) '南海问题的起源、发展及演变', *Law of the Sea Studies*, republished on Academy of Ocean of China, https://aoc.ouc.edu.cn/_t719/2018/0930/c9821a212021/page.psp.

Home advantage: China's defensive strategy in the South China Sea

External observers often assume that China derives (or attempts to derive) significant strategic advantage by controlling the South China Sea.⁹¹ If true, this would seem to justify push-backs from external powers, even if those countermeasures carry significant military risks. Soon after his return to office in 2012, for instance, Japanese Prime Minister Shinzo Abe warned that the South China Sea was becoming “Lake Beijing” due to Chinese encroachment.⁹² Since then, however, more foreign warships have sailed through those waters more frequently than any time since the Vietnam War. And China has not asserted total control in the Nine-dash Line or limited normal international shipping, nor has it completely stopped its neighbours from exploring and exploiting the resources in the SCS.

By examining the balance of forces and each party's calculation of its own interests, a clear picture emerges: China has successfully built up a fundamentally defensive military posture in the SCS, which does not automatically translate into offensive advantages.

DEFENDING THE SOUTH CHINA SEA

China's forces and deployments have made it exceedingly difficult for the United States to win a conventional war in the South China Sea. Under the strategy of anti-access/area denial (A2/AD), the People's Liberation Army uses the geographical features on the SCS as major platforms in addition to its ships and aircraft, and it has extensive coverage within the Nine-dash Line area to detect, track, and strike at targets. Additionally, according to the Pentagon's estimate in late 2024, the PLA has over a thousand medium-range ballistic missiles (with ranges of up to 3,000 kilometres), including the DF-21D, specifically designed for attacking enemy ships.⁹³

⁹¹ E.g. Lowell Bautista (2024) 'Rising Tensions in the South China Sea: The Strategic Calculations at Play', *Australian Institute of International Affairs*, <https://www.internationalaffairs.org.au/australianoutlook/rising-tensions-in-the-south-china-sea-the-strategic-calculations-at-play/>.

⁹² Abe Shinzo (2012) 'Asia's Democratic Security Diamond', *Project Syndicate*, <https://www.project-syndicate.org/magazine/a-strategic-alliance-for-japan-and-india-by-shinzo-abe>.

⁹³ U.S. Department of Defence (2024) *Military and Security Developments Involving the People's Republic of China, 2024*, <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>, pp.63-67; Vengalil Venugopal (2020) 'How effective is China's A2/AD in the South China Sea', *9 Dash Line*, <https://www.9dashline.com/article/how-effective-is-chinas-a2/ad-in-the-south-china-sea>.

Supplemented by a sizable arsenal of anti-ship cruise missiles, the PLA would likely be able to sink the large surface ships in the US Navy, including and perhaps especially its aircraft carriers, well before they could approach the region and deploy their firepower.⁹⁴ Enemy combatants who made it closer to the SCS would face the even more numerous missiles of all types available to the PLA. Thus, any attempt by America to militarily dislodge China's position in the SCS would incur very high losses for the attackers.⁹⁵

The SCS also provides important strategic depth for the PLA, augmenting its resilience and options. Coastal regions of China, especially those facing east, are under the shadow of the long-range surveillance and strike capabilities based in Japan, an 'unsinkable aircraft carrier' for the US military.⁹⁶ Effective utilisation of the SCS allows the Chinese military to disperse its air bases, ports, communication and missile facilities, improving their survivability and coverage.

On three of the reefs in the Spratly Islands and Woody Island in the Paracels, China has a 3-kilometre runway at each location. These allow the PLA to launch early-warning and control aircraft, essential for extending the effective operational range of its combat jets to all points inside the Nine-dash Line and even most of the Philippines.⁹⁷ This helps deny air superiority to any potential adversary, and creates a 2,000-kilometre zone between the James Shoal and the Taiwan Strait where the PLA Navy is relatively protected.

These bases also enable China, from more angles, to target US military installations as far away as the Second Island Chain, thus making it even harder for the US to project power towards China.⁹⁸ To achieve this, China could deploy its growing stock of intermediate-range ballistic

⁹⁴ See AMTI-CSIS (2021) *By air, land, and sea: China's maritime power projection network*, <https://amti.csis.org/power-projection-network/>.

⁹⁵ This assessment is likely shared in Washington. Publicly available simulations of conflict scenarios by American experts in recent times have focused on Taiwan rather than the SCS, but the result is similar: large American surface ships would be extremely vulnerable. See e.g. Mark F. Cancian, Matthew Cancian, and Eric Heginbotham (2023) *The First Battle of the Next War: Wargaming a Chinese Invasion of Taiwan*, p.5, <https://www.csis.org/analysis/first-battle-next-war-wargaming-chinese-invasion-taiwan>.

⁹⁶ 吴士存 (2018) '南海问题的起源、发展及演变', *Law of the Sea Studies*, republished on the Academy of Ocean of China, https://aoc.ouc.edu.cn/_t719/2018/0930/c9821a212021/page.psp.

⁹⁷ J. Michael Dahm (2020) 'Beyond "Conventional Wisdom": Evaluating the PLA's South China Sea Bases in Operational Context', *War on the Rocks*, <https://warontherocks.com/2020/03/beyond-conventional-wisdom-evaluating-the-plas-south-china-sea-bases-in-operational-context/>; Mike Yeo (2018) 'Show of force? China lands bombers on South China Sea airfield', *Defence News*, <https://www.defensenews.com/global/asia-pacific/2018/05/18/show-of-force-china-lands-bombers-on-south-china-sea-airfield/>; AMTI-CSIS (2021) *By air, land, and sea: China's maritime power projection network*, <https://amti.csis.org/power-projection-network/>.

⁹⁸ Peter Layton (2018) 'Australia's Chinese ballistic missile problem', *The Interpreter*, Lowy Institute, <https://www.lowyinstitute.org/the-interpreter/australia-s-chinese-ballistic-missile-problem>.

missiles, such as the DF-26, on those bases in the South China Sea.⁹⁹ To be sure, stationing these missiles on the SCS islands would not only leave these assets exposed, but also conspicuously display Beijing's readiness for confrontation—something it has not done thus far. What it has done, as Australian historian and foreign policy expert James Curran wrote in reference to China's overall military build-up, is acquiring the "capacity to resist intimidation by the US", and "[w]hich great state would not prepare to be in that position?"¹⁰⁰

THE DIFFICULTY OF POWER PROJECTION

These bases on the South China Sea do make sitting targets on spatially confined locations, and their value as air bases is particularly questionable. Since it is technically feasible for the PLA to destroy American military installations in the Second Island Chain, especially by targeting the runways as the weakest link there, it would be entirely plausible for the US to return the favour on China's four offshore airfields.¹⁰¹

Together, these bases host about 90 fighters and 16 large hangars. Since some of the latter would be necessarily taken up by early-warning aircraft, they can realistically hold about 10 large bombers.¹⁰² Thus, unless most of these aircraft can be put into action at the most

⁹⁹ Defense News Army (2024) 'Satellite Images Reveal Rise of Chinese Forces with 59 New DF-26 Missile Launchers', *Army Recognition*, <https://armyrecognition.com/news/army-news/army-news-2024/satellite-images-reveal-rise-of-chinese-forces-with-59-new-df-26-missile-launchers>; 张强(2018) "东风-26 进入火箭军战斗序列：反应快打击准射程远", *科技日报*, republished by *Xinhua*, http://www.xinhuanet.com/politics/2018-04/27/c_1122749765.htm.

¹⁰⁰ James Curran (2025) "Xi's parade tips the diplomatic balance sheet in Asia", *Australian Financial Review*, <https://www.afr.com/world/asia/xi-s-parade-tips-the-diplomatic-balance-sheet-in-asia-20250904-p5msc8>.

¹⁰¹ On the PLA's anti-runway capability, see Kelly A. Grieco, Hunter Slingbaum, and Jonathan M. Walker (2024) 'Cratering Effects: Chinese Missile Threats to US Air Bases in the Indo-Pacific', *Stimson*, <https://www.stimson.org/2024/cratering-effects-chinese-missile-threats-to-us-air-bases-in-the-indo-pacific/>. On potential use of the tactic by the US, see Olli Pekka Soursa (2020) 'The Conventional Wisdom Still Stands: America Can Deal with China's Artificial Island Bases', *War on the Rocks*, <https://warontherocks.com/2020/02/the-conventional-wisdom-still-stands-america-can-deal-with-chinas-artificial-island-bases/>.

¹⁰² There are 24 fighter hangars and up to four large hangars on each of the bases in the Spratly Islands. See AMTI-CSIS (2016) 'Build it and they will come', <https://amti.csis.org/build-it-and-they-will-come/>; Thomas Shugart (2025) 'China's Artificial Islands Are Bigger (And a Bigger Deal) Than You Think', *War on the Rocks*, <https://warontherocks.com/2016/09/chinas-artificial-islands-are-bigger-and-a-bigger-deal-than-you-think/>; Gregory Poling (2020) *War on the Rocks*, 'The Conventional Wisdom on China's Island Bases Is Dangerously Wrong', <http://warontherocks.com/2020/01/the-conventional-wisdom-on-chinas-island-bases-is-dangerously-wrong/>.

appropriate moment in a conflict, before the runways or even their own hangars are attacked, the airborne capabilities supported by these islands are, in fact, quite limited.

The PLA could avoid having to rely on the full length of these runways by, instead, deploying more helicopters or combat drones with much shorter take-off distances, the latter of which could form a formidable fighting force alongside most advanced, piloted aircraft launched elsewhere.¹⁰³ Such an arrangement would still make these islands valuable elements in China's A2/AD strategy in the South China Sea, but their utility as launching pads for aerial power projection beyond this area would be quite circumscribed.

If the PLA Navy builds up several carrier battle groups (each comprising an aircraft carrier plus several supporting surface warships) with a significant degree of survivability in themselves, they could conceivably form an overlapping, mutual protection network with these island bases, while the fixed runways there could serve as diversion airports for the carrier airwings. Such development, however, would require massive Chinese investment in its coastal ports rather than these isolated outposts.¹⁰⁴

Indeed, as the US and allied militaries continues to improve their arsenal of anti-ship missiles capable of attacking Chinese vessels from a safe distance, the PLA Navy's ability to face off a peer adversary beyond friendly protection from land would similarly require considerable advancement in China's blue water fleet, in both quality and quantity.

Finally, the South China Sea could help improve the survivability of Chinese ballistic missile nuclear-powered submarines (SSBN), thus ensuring better nuclear balance with the US. Patrolling the seas carrying nuclear-tipped intercontinental ballistic missiles, they serve as a second pillar of the PRC's nuclear deterrent, complementing the land-based nuclear arsenal, which is easier to target, and which is still much smaller than those of the US and Russia and

Woody Island has 16 fighter hangars, 4 larger structures which are smaller than the usual bomber hangars, and 1 possible bomber hangar. See AMTI-CSIS (2022), untitled image dated June 16, 2022, <https://amti.csis.org/woody-island/#jp-carousel-30648>; DigitalGlobe (2018) 'Imagery of Woody Island (Yongxing Island) in the South China Sea', *Getty Images*, <https://www.gettyimages.com.au/detail/news-photo/digitalglobe-via-getty-images-imagery-from-26-april-2016-of-news-photo/966655958?adppopup=true>.

For an overview of Chinese bases, see J. Michael Dahm (2020) 'Hardened Infrastructure, Counter-Reconnaissance, and Battlespace Environment Management', (United States) *Defense Technical Information Center*, <https://apps.dtic.mil/sti/trecms/pdf/AD1128258.pdf>, p.13. For reference of aircraft fleet composition, a US Navy Carrier Air Wing has 4 to 5 early warning aircraft supporting a combat aircraft complement of about 50.

¹⁰³ For instance, the GJ-11 drone seems capable of unassisted take-off on a deck 230 metres in length. See Defense News Aerospace (2024) 'Chinese GJ-11 Sharp Sword UCAV spotted during test flight', *Global Defense News*, <https://armyrecognition.com/news/aerospace-news/2024/video-chinese-gj-11-sharp-sword-ucav-spotted-during-test-flight>.

¹⁰⁴ Yves-Heng Lim (2024) 'The Naval Balance in the South China Sea', in Hensel (eds.) *Security Dynamics in the South China Sea: Contemporary Challenges and Opportunities*, pp.103-104.

thus more vulnerable to a first strike. The current generation of China's SSBNs – Type 09IV – are reportedly deficient in stealth, potentially a weak link in China's nuclear arsenal.¹⁰⁵ It is a known practice for the US Navy to have its stealthy hunter-killer submarines stalk a potential adversary's SSBNs close to their home shores, as was the case for the Soviet Union.¹⁰⁶

The South China Sea, with its island bases a comfortable distance from US bases in Japan, provides more space for the PLA to deploy its anti-submarine warfare assets to minimise penetration by US hunter-killer submarines, forming a relatively safe bastion for China's valuable underwater nuclear deterrent.¹⁰⁷ And the greater average depth and more complex terrain make the South China a better location to hide the patrolling SSBNs.¹⁰⁸

There is, however, an important caveat. Existing submarine-launched ballistic missiles have a maximum range of 12,000 kilometres, and even China's latest generation of these, the JL-3, does not reach this limit; according to the most recent, publicly available estimate from the Pentagon, its range is approximately 10,000 kilometres (5,400 nautical miles).¹⁰⁹ If confined to the potential safe zone in the South China Sea, Chinese SSBNs armed with these missiles would barely be able to strike the west coast of continental United States.

The alternative location, the Bohai Sea, is well protected by Chinese territory and connected to the East China Sea by a strait of only 90 kilometres. Not only is it easier to defend, it is also closer to the US heartland, being less than 10,000 km from Los Angeles and no more than 12,000 km from most of its other population centres. Barring a significant breakthrough in American technology to detect or intercept submarine-launched ballistic missiles in the early stage from the nearby South Korea or Japan, Bohai would likely remain the primary location for

¹⁰⁵ China Power Team (2015, updated 2020) 'Does China Have an Effective Sea-based Nuclear Deterrent?', *China Power*, <https://chinapower.csis.org/ssbn/>.

¹⁰⁶ Wu Riqiang (2011) 'Survivability of China's Sea-Based Nuclear Forces', *Science & Global Security*, <https://scienceandglobalsecurity.org/archive/sgs19wuriqiang.pdf>, p.112.

¹⁰⁷ Stephan Fruehling (2020) 'Nuclear-armed submarines and strategic stability in the Indo-Pacific', *Australia Strategic Policy Institute*, <https://www.aspistrategist.org.au/nuclear-armed-submarines-and-strategic-stability-in-the-indo-pacific/>.

¹⁰⁸ 吴士存 (2018) '南海问题的起源、发展及演变', *Law of the Sea Studies*, republished on the Academy of Ocean of China, https://aoc.ouc.edu.cn/_t719/2018/0930/c9821a212021/page.psp.

¹⁰⁹ U.S. Department of Defence (2024) *Military and Security Developments Involving the People's Republic of China, 2024*, <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>, p.53. See also (US) National Air and Space Intelligence Center and Defense Intelligence Ballistic Missile Analysis Committee (2020) *Ballistic and Cruise Missile Threat*, <https://irp.fas.org/threat/missile/bm-2020.pdf#page=33>.

stand-off Chinese ballistic missile submarines.¹¹⁰ On the other hand, some Chinese experts appear to consider the SCS's seabed and acoustic terrain to be more favourable for operating SSBNs.¹¹¹

Of course, if China achieves technological breakthroughs in either the range of submarine-launched ballistic missiles or SSBN stealth, it could plausibly use the South China Sea as an alternative location for its SSBNs to target American homeland.¹¹² This would help improve the survivability and therefore credibility of China's nuclear deterrence. However, such a development would merely ensure the nuclear balance between China and America, rather than providing an offensive advantage to Beijing.

In short, while its A2/AD strategy based on the geography of the SCS offers China considerable defensive advantages there, strengthening its military position beyond the region would mostly depend on qualitative and quantitative improvements in the PLA's ocean-going strategic and tactical capabilities.

¹¹⁰ Despite some concerns in China, the THAAD system deployed in Korea does not appear effective in detecting or intercepting ICBMs at boost stage. See Zhang Tong (2018) 'The Perception Gap in the THAAD Dispute – Causes and Solutions', *China International Strategy Review*, <https://en.iiss.pku.edu.cn/info/1058/2580.htm>.

¹¹¹ David C. Logan (2023) 'China's Sea-Based Nuclear Deterrent: Organizational, Operational, and Strategic Implications', *China Maritime Report No. 33*, p. 4, <https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1032&context=cmsi-maritime-reports>; Chi Guocang (2023) '战略安全之保障—专家谈中国战略核潜艇实现全天候值班', *兵工科技*, translated and republished by China Maritime Studies Institute, <https://digital-commons.usnwc.edu/cmsi-translations/7/>.

¹¹² For missile range, see Missile Defence Project, Centre for Strategic and International Studies (2016, updated 2024), 'Trident D5', <https://missilethreat.csis.org/missile/trident/>. For China's next generation of SSBN (the Type 096), see Ronald O'Rourke (2025) 'China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress', (US) Congressional Research Service, <https://www.congress.gov/crs-product/RL33153>.

The watery El Dorado: the limit of the South China Sea's economic value

The narrative of China's supposed territorial acquisition in the South China Sea often assumes both malign strategic and economic motives.¹¹³ However, a detailed analysis of the key resources there, compared to China's needs, undercuts the latter assumption as well: the area in the Nine-dash Line has only limited potential—in part thanks to territorial disputes. Crucially, controlling the SCS is neither necessary nor sufficient a condition for managing China's vulnerability in energy security.

FISHERY AND MINERALS

The SCS does have some economic significance. The fishing industry throughout these waters generate an annual revenue of around US\$20 billion, or roughly one-eighth of global fishing.¹¹⁴ However, over the past decade the catch has stagnated in volume due to prolonged overfishing. Climate change is set to further degrade the ecosystem. Even under the most optimistic assumptions about climate change and sustainable fishing practices, it is estimated that yield would decrease by 40% by the end of the century.¹¹⁵

The deposits on the SCS seabed could be a source for various critical minerals, but the concentration and distribution of these elements awaits further study. Moreover, there is still no proven technology for commercial exploitation of these deposits, and mass harvesting is

¹¹³ E.g. Euan Graham (2025) 'China's geopolitical dominance game in the South China Sea', Australian Strategic Policy Institute, <https://www.aspistrategist.org.au/chinas-geopolitical-dominance-game-in-the-south-china-sea/>; Rebecca Ratcliffe and Amy Hawkins (2023) "'Risk of miscalculation' rises in South China Sea as Beijing ramps up aggressive tactics', *The Guardian*, <https://www.theguardian.com/world/2023/sep/29/risk-of-miscalculation-rises-in-south-china-sea-as-beijing-ramps-up-aggressive-tactics>.

¹¹⁴ Shui-kai Chang et al. (2020) 'A step forward to the joint management of the South China Sea fisheries resources: Joint works on catches, management measures and conservation issues', *Marine Policy*, Vol. 116, <https://www.sciencedirect.com/science/article/pii/S0308597X19305500#bib1>.

¹¹⁵ U Rashid Sumaila et al. (2021) 'Sink or Swim: The future of fisheries in the East and South China Seas', *ADM Capital Foundation, Hong Kong*, https://www.admcf.org/wp-content/uploads/2021/11/Sink-or-Swim-Full-Report_171121.pdf.

likely to cause serious environmental damage, putting the long-term economic benefit in question as well.¹¹⁶ A scramble for these resources would thus leave everyone worse off.

METHANE CLATHRATE

The methane clathrate on the SCS seabed—water crystals entrapping considerable amount of methane—is sometimes speculated upon as a miracle fuel, including by Chinese officialdom. A 2023 study by Chinese scientists estimated that these hydrocarbons could supply far more combustion energy than what China would realistically need before reaching full decarbonisation.¹¹⁷ But, again, efficient harvesting and utilisation of methane clathrate still awaits technological development perhaps equally miraculous. Until then, its economic value is negligible. Accounting for both commercial imperatives and technological constraints, a team of Chinese researchers estimated, in 2022, that the total extractable energy from methane ice from *all* its oceans would be the equivalent of only 24 billion cubic metres (bcm) of natural gas, a fraction of China's annual needs.¹¹⁸

OIL AND GAS

The traditional hydrocarbon resources in the South China Sea are a better-known quantity. The United States Council for Foreign Relations provides a figure of 190 trillion cubic feet (or 5,400 bcm) of natural gas and 11 billion barrels of oil as the total reserves in the area. The media widely cites these numbers; however, these are older estimates from a 2013 report by the US

¹¹⁶ Wenbin Ma et al. (2022) 'Status of Sustainability Development of Deep-Sea Mining Activities', *Journal of Marine Science and Engineering*, Vol. 10, <https://www.mdpi.com/2077-1312/10/10/1508>; Priyanka Runwal (2023) 'The deep-sea mining dilemma', *Chemical & Engineering News*, <https://cen.acs.org/environment/water/deep-sea-mining-dilemma/101/i33>.

¹¹⁷ Mandy Zuo (2023) 'In China's deep-sea mining, the Dream is ready to raise "flammable ice" from the ocean's depths', *SCMP*, <https://www.scmp.com/economy/china-economy/article/3245492/chinas-deep-sea-mining-dream-ready-raise-flammable-ice-oceans-depths>; Pibo Su et al. (2022) 'Potential and Distribution of Natural Gas Hydrate Resources in the South China Sea', *Journal of Marine Science and Engineering*, Vol. 10, <https://www.mdpi.com/2077-1312/10/10/1364>. For conversion between units of measurement, see BP p.l.c. (2022) *Approximate conversion factors*, <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-approximate-conversion-factors.pdf>.

¹¹⁸ Xuejun Chen et al. (2022) 'Economic Critical Resources for the Industrial Exploitation of Natural Gas Hydrate', *ACTA Geologica Sinica*, Vol. 96, <https://onlinelibrary.wiley.com/doi/epdf/10.1111/1755-6724.14927>, pp.668-670.

Energy Information Administration.¹¹⁹ Its latest release, from March 2024, puts the proven and probable reserves at only 3.6 billion barrels of oil and 1,130 bcm of natural gas.¹²⁰ Drawing inference from known reserves and geological data, it has estimated potential reserves of another 2.4 to 9.2 billion barrels of oil and 1,760 to 6,120 bcm of natural gas. However, the economic feasibility of extracting these potential reserves remain unclear. Also worth noting is the likely absence of fossil fuel in the Paracel Islands, while commercial development in the Spratly Islands is unsurprisingly hampered by the sovereignty dispute.¹²¹

Each of the claimants in the SCS has designated licencing blocks for commercial exploration and development, with most discoveries having been made in uncontested areas, and by-and-large the licencing blocks do not overlap with each other. Areas administered by China have only about 1.4 billion barrels of oil and 160 bcm of gas, while China and Vietnam have agreed to jointly develop an area due west of Hainan Island.¹²² Nevertheless, about half of the licencing block areas claimed by Malaysia and the Philippines lie within the Nine-dash Line, containing significant reserves.¹²³ Assuming an even distribution of these reserves, these overlapping zones hold about 700 million barrels of oil and 440 bcm of gas, and potential reserves of 1.8 billion barrels of oil and 680 to 2,360 bcm of gas.

The crude oil is of limited value for China even if it gains full control in the Nine-dash Line. Given China's oil usage in 2024, the extra 2.5 billion barrels (under the most optimistic estimate) makes up no more than 8 months of its import volume or 6 months of total consumption.¹²⁴ As China continues to rapidly electrify its transport systems, the importance of oil will diminish even further.

¹¹⁹ AMTI-CSIS (n.d.) *South China Sea Energy Exploration and Development*, <https://amti.csis.org/south-china-sea-energy-exploration-and-development/>; U.S. Energy Information Administration [henceforth EIA] (2013) 'Contested areas of South China Sea likely have few conventional oil and gas resources', <https://www.eia.gov/todayinenergy/detail.php?id=10651>. All other unit of measurement for gas is converted to bcm for this essay.

¹²⁰ EIA (2024) 'South China Sea', https://www.eia.gov/international/analysis/regions-of-interest/South_China_Sea, 21 March 2024 version.

¹²¹ AMTI-CSIS (n.d.) *South China Sea Energy Exploration and Development*, <https://amti.csis.org/south-china-sea-energy-exploration-and-development/>; EIA (2013) 'Contested areas of South China Sea likely have few conventional oil and gas resources', <https://www.eia.gov/todayinenergy/detail.php?id=10651>; EIA (2013) *Glossary*, https://www.eia.gov/tools/glossary/index.php?id=P#prob_res.

¹²² EIA (2024) 'South China Sea', 21 March 2024 version.

¹²³ AMTI-CSIS (n.d.) *South China Sea Energy Exploration and Development*, <https://amti.csis.org/south-china-sea-energy-exploration-and-development/>.

¹²⁴ EIA (2025) 'China's crude oil imports decreased from a record as refinery activity slowed', <https://www.eia.gov/todayinenergy/detail.php?id=64544>.

A more attractive target for Beijing would be the natural gas reserves under the SCS. China produced less than 60% of the 420 bcm of gas it used in 2024.¹²⁵ Fortunately, it discovered an additional 1,600 bcm worth of reserves on land in the same year—assuming a 30-year exploitation life cycle, it will be able to bring its production to 300 bcm per annum.¹²⁶ Still, the resources within the Nine-dash Line could increase China’s total reserves by 13% to 34%.¹²⁷ And unlike oil, natural gas usage is expected to grow dramatically in China. The usual estimate is that it would reach “peak gas” in 2040 at an annual rate of 650 bcm, with some reported estimates putting it as high as 800 to 1,200 bcm, reasonable assumptions as the country continues to use more energy per capita while substituting natural gas for the still commonly used coal. China would need to transport more gas onto its mainland, and has indeed been investing in infrastructure for precisely this purpose.¹²⁸

But as the analysis below will demonstrate, the natural gas reserves would not be vital to China’s energy security.

The appendix to this report offers a summary of all of the major sources of natural gas that could be available to China by 2040, tabulating China’s domestic production and reserve, planned capacities for liquified natural gas (LNG) terminals, and installed and planned capacities for overland pipelines as potential additions from Iran and Russia.

ENERGY AND MARITIME TRANSPORT SECURITY

Even if China does not further accelerate its uptake of renewable energy, Beijing already has some options in sustaining the future growth of the country’s natural gas consumption and thus energy security. China has invested heavily in the construction of LNG terminals—following commercial logic and making greater use of this capacity is likely plan A. With China and Russia finally agreeing on a second trans-Siberian gas pipeline (the Power of Siberia 2) in September

¹²⁵ 渠沛然 (2025) ‘去年天然气消费量或突破四千亿方’, *中国能源报*, republished on 人民网, http://paper.people.com.cn/zgnyb/pc/content/202501/06/content_30051230.html.

¹²⁶ 人民网 (2025) ‘《2024 年国内外油气行业发展报告》发布’, republished on 中国能源新闻网, https://www.cpnnews.com.cn/news/yq/202501/t20250123_1769065.html.

¹²⁷ By the end of 2023, China has a technically recoverable natural gas reserve of about 6,700 bcm. See 渠沛然 (2024) ‘储采比提升助力油气增产开采增效’, *中国能源报*, republished on 人民网, http://paper.people.com.cn/zgnyb/pc/content/202412/09/content_30046256.html.

¹²⁸ 李玲 (2024) ‘中国是全球天然气市场重要引擎’, *中国能源报*, republished on 人民网, http://paper.people.com.cn/zgnyb/html/2024-04/15/content_26056278.htm.

2025, China will also greatly increase its supply through secure overland routes, likely from the early 2030s.¹²⁹

If Beijing begins to place even more emphasis on the security and resilience of supply by reducing reliance on LNG imported through shipping, the obvious choice would be to additional gas pipelines to Russia. This further reorientation of Russian gas exports would seem very attractive to Russia as well: Russia has lost much of its western European market and is unlikely to regain it, given continued US pressure on Europe to import more American gas and the EU's opposition to Moscow. China may also choose to construct pipelines through Central Asia or Pakistan towards Iran, whose abundant natural gas reserves would otherwise have to be imported through the chokepoints on the Indian Ocean. Pivoting towards overland transport to its west would also fit squarely into China's Belt and Road initiative.

In normal times, China can still purchase natural gas from its SCS neighbours, or even conduct joint development. Monopolising the reserves on the far side of the area could reduce China's reliance on *imported* natural gas but not its exposure to maritime transport. Moreover, active sovereignty disputes impede the exploitation of this resource by anyone, leaving its actualised economic value at precisely zero.¹³⁰ A sense of perspective is also necessary here: natural gas is estimated to comprise about 9% of China's primary energy supplies, with LNG thus taking up about 2.3%.¹³¹ If China draws on additional land-based development and pipeline imports, its reliance on LNG shipping could be managed, and its energy safety protected.

Certainly, the South China Sea is and may well remain a transport chokepoint for China in a conflict. In 2023, 80% of its imported oil, or 55% of its overall supply was shipped through this region. LNG shipping on this route represented 40% of its gas imports, or 17% of its supply.¹³²

¹²⁹ Vladimir Soldatkin and Lidia Kelly (2025) 'Russia and China bless vast new Power of Siberia 2 pipeline, Gazprom says', *Reuters*, <https://www.reuters.com/business/energy/russia-china-bless-vast-new-power-siberia-2-pipeline-gazprom-says-2025-09-02/>.

¹³⁰ Nanyantara D. Hensel (2024) 'The Contemporary Strategic, Maritime, and Economic Significance of the South China Sea', in Hensel (eds.) *Security Dynamics in the South China Sea*, p.87.

¹³¹ 李玲 (2024) 消费量保持每年 200 多亿立方米增长, 中国是全球天然气市场重要引擎', *中国能源报*, republished on *人民网*, http://paper.people.com.cn/zgnyb/html/2024-04/15/content_26056278.htm.

¹³² For China's oil and gas demand, see International Energy Agency (2024) 'China's oil demand, 2023 and 2035', <https://www.iea.org/data-and-statistics/charts/china-s-oil-demand-2023-and-2035>; *Xinhua* (2024) 'China's natural gas consumption up 7.6 pct in 2023', https://english.www.gov.cn/archive/statistics/202402/11/content_WS65c88aacc6d0868f4e8e3f68.html. For China's oil and gas import volumes, see: EIA (2024) 'China imported record amounts of crude oil in 2023', <https://www.eia.gov/todayinenergy/detail.php?id=61843>; 陈钦强 (2024) '《中国天然气发展报告 (2024)》发布', *中国石油报*, republished on *中国能源新闻网*, https://www.cpnnews.com.cn/news/baogao2023/202408/t20240802_1724690_wap.html; for the volumes of fossil fuel shipped through the SCS, see EIA (2024) 'South China Sea', https://www.eia.gov/international/analysis/regions-of-interest/South_China_Sea, 21 March 2024 version.

China's vulnerability to this energy import chokepoint is not quite shared by Japan or South Korea: should China implement a blockade in the SCS, their shipping could be rerouted through the Indonesian archipelago with tolerable additional cost and transit time.¹³³ As for China, it is also subject to maritime chokepoints farther afield. The US could, for instance, blockade oil and gas tankers in the Persian Gulf, or it might covertly sabotage Chinese transport or indeed offshore drilling on the SCS, placing the burden of military escalation on Beijing.

In contrast, land-based oil and gas pipelines and production facilities (or indeed renewable energy facilities) are less exposed to such risks; and any attempted attack—for which secrecy would be harder to achieve—would constitute a direct attack on the territory of either China or a China-friendly state, an escalation which Chinese forces are well positioned to deter.¹³⁴ Similarly for other goods, whatever the current capabilities the PLA could station within the Nine-dash Lines would have little direct relevance to a scenario of an American blockade from a safe distance, or other countries engaging in an embargo from their own shores. Given China's centrality in global supply chains as well as ability to retaliate in kind, the use of trade embargoes against China may not even be a realistic option for its adversaries outside of an open conflict.

It is clear, therefore, that further control over South China Sea would not deliver decisive strategic or economic advantage to China. Beijing must consider its interests here as part of the totality of China's foreign policy interests.

¹³³ Hensel (2024) 'The Contemporary Strategic, Maritime, and Economic Significance of the South China Sea', pp.78-79.

¹³⁴ Constructed storage facilities for natural gas is, everywhere, only used for matching seasonal demand. See e.g. 中国石油新闻中心 (2024), '我国储气库调峰储气能力不断升级', <https://news.cnpc.com.cn/system/2024/10/16/030144832.shtml>.

The long game: China's policy outlook

While it is unlikely to make significant concessions on its claims in the Nine-dash Line, Beijing's overall interests do not reside in pursuing those claims to the fullest extent. On balance, China's primary interest is avoiding deepening military cooperation between its neighbours and the United States. It is very plausible that, over time, most Southeast Asian states would seek further accommodation with China, rather than resorting to aligning with the United States' to contain China. These two factors explain the PRC's current policy of *détente* with its fellow claimants and management of the disputes through diplomacy. This conciliatory policy has become increasingly evident since 2024.

However, the policy exists within a delicate equilibrium. Chinese pronouncements sometimes reveal a residual reluctance to recognising its neighbours' concerns, and when facing rising tensions, Chinese media, officialdom, and experts often readily identify the United States as the abettor and manipulator behind a disgruntled SCS neighbour. At the press conference in the 2025 "two-sessions"—an annual conference confirming the party-state's policy directions—China's long-serving foreign minister Wang Yi said of the ongoing dispute with the Philippines, "For every move on the sea by the Philippines, there is a screenplay written by external forces, the show is livestreamed by Western media, and the plot is invariably to smear China."¹³⁵

While American support certainly provides important leverage for China's neighbours, Beijing risks alienating those neighbours if it appears dismissive of international concern about the South China Sea—or, indeed, of the interests of its fellow claimants. And, regardless of what the actual beliefs of the Chinese leadership are, or how Chinese diplomats talk with their counterparts from their countries behind closed doors, allowing their public relations campaign to present a skewed picture of China's fellow claimants does themselves no favours. It exacerbates both the suspicions of China's neighbours and their animosity to the PRC, and

¹³⁵ E.g. (China) MFA press conference, 13 December (2024) https://www.mfa.gov.cn/fyrbt_673021/202312/t20231213_11201681.shtml; 非常视野(2023) '布林肯刚走, 越南就在南海挑事, 不承认中方禁令, 称损害"主权"', 腾讯网, <https://news.qq.com/rain/a/20230421A03ZXJ00>; (China) MFA press conference 11 November (2024), https://www.mfa.gov.cn/web/wjdt_674879/fyrbt_674889/202411/t20241111_11524524.shtml; 胡波 (2021) 中美南海竞争的格局和趋势', p.39; (China) MFA (2025) *Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi Meets the Press*, https://www.fmprc.gov.cn/eng/wjb/wjbz/jh/202503/t20250307_11571025.html.

potentially also creates a self-constraining political atmosphere in which compromises become less viable.

A FRAGILE TRUCE IN SOUTHEAST ASIA

From the perspective of the other nations around the South China Sea, China is a mighty and fearsome giant right next door. Since the 1990s, China's military modernisation gave it an overwhelming advantage—in both the quality and quantity of its forces—over other claimants.

The military installations in the Paracel and Spratly Islands have brought those forces even closer to the borders of China's neighbours, and the Nine-dash Line, drawn so far from China's mainland and so close to their shores, is another major cause for anxiety. Whatever the legitimacy of China's claim to "historic rights" in this area, its economic activities and military deployments at the far side of the SCS is unprecedented.

Beijing may declare and may genuinely believe that its policy is a response to American containment and intrusion. Despite this, and the fact that—as discussed in the previous section of this report—its military installations in the SCS are fundamentally aligns with a defensive strategy, Chinese policy-makers themselves would probably recognise that modern weapons are not inherently defensive in their function. Such weapons could support an offensive campaign at the whim of the state wielding them, and Southeast Asian states therefore have an understandable fear that China, with its claims of sovereignty to the islands and waters nearby, could be the most direct threat to their security.

In this sense, the measures taken by Beijing to achieve strategic equilibrium vis-à-vis the US have eroded the position of its neighbours—and as a result, Beijing ought not be surprised by its neighbours' hedging between itself and Washington. While geopolitical interests are determined by immutable geography and the usually slow-moving balance of power, the geo-strategic alignment of states can change much more quickly, reflecting fluctuations in states' perceptions of themselves and each other.

Despite China's military ascendancy in the region, the fundamental interests of these neighbours do not lie in subscribing to Washington's containment strategy against China—indeed, they have mostly avoided it. Instead, China's SCS neighbours seek to maintain a healthy distance from both Beijing and Washington, avoiding complete dominance by either great power. Given the substantial and still growing military advantage of the PRC in the region, it is of course a rational policy for these claimant states to balance China by working with each other and the United States, putting aside their underlying suspicions of the latter.

Chinese strategists are themselves familiar with this common geopolitical practice—its own recorded history, which stretches back several millennia, is replete with examples of expedient alliances between a weaker state and a greater military power in competition against another. Some in China still have living memory of the Sino-American détente in the 1970s, when the two countries stepped back from their confrontation to allow China to focus on its stand-off with the adjacent Soviet Union.

Today, China is the most important trade partner for each of the other countries with claims in the SCS. China's financial weight underpins international institutions such as the Asian Infrastructure Development Bank and BRICS (the acronym formed by Brazil, Russia, India, China and South Africa), providing crucial alternatives to the Washington-led system. And these countries are aware that Washington may eventually decide that, whatever its interests on the far side of the Pacific, they are not worth risking a war with China. China, on the other hand, is a resident great power, its economic and strategic interests significantly more engaged in the South China Sea. It is here to stay.

In view of the above, it is not desirable for China's neighbours to have their relationships with China defined by hostility. Nor is it axiomatic that these states cannot reconcile themselves to China's pre-eminence in the West Pacific; for many centuries, through their own statecraft and resources, these societies in Southeast Asia have managed to maintain their own autonomy and wellbeing.

China currently has a window of opportunity to improve its relationships with its South China Sea neighbours: the growing international alarm at the aggressive, and sometimes downright predatory, American approach to economic statecraft that has come with Donald Trump's return to the White House. These concerns could well lead China's neighbours to turn their attention back to Beijing—but only if China can alleviate their strategic fears. By contrast, an unaccommodating stance from Beijing may well strengthen its neighbours' willingness to bear the economic cost of guaranteeing their safety via closer associations with the US. Such a development is also likely if some countries believe China has managed to irreparably divide ASEAN over these disputes, rendering it impossible to effectively balance China without inviting more direct involvement of an external great power. For instance, a re-run of the 2012 incident—where Cambodia prevented a joint statement from ASEAN on the South China Sea—could intensify such suspicions in Manila, leading the latter to align ever more closely with Washington.

For China, one of the most extreme scenarios would entail a string of American fighter and missile deployments on the edge of the South China Sea, turning the table of anti-access/area-denial strategy on China and making it unsafe for Chinese vessels to operate in their own

neighbourhood. Indeed, the US Army began rotating its advanced missile launchers to the Philippines since 2024, and their deployment could become permanent—and continue to grow in scale—were Manila to decide that China was already implacably hostile.¹³⁶ There is some concern among Chinese analysts that the second Trump Administration will pursue this exact strategy.¹³⁷ Mishandling diplomatic relations now could incur lasting costs to China's various interests.

HISTORIC RIGHTS AND HISTORICAL LESSONS

China's policy in the SCS also has implications for its relations with India and Russia. China baring its teeth for an area over a thousand kilometres away from its landmass would surely have New Delhi worried about a similar prospect on the Sino-Indian border, where tens of thousands of square kilometres of territory remain contested. As far as India is concerned, Beijing's sensitivity over Tibet—the enormous and historically troubled territory that adjoins both countries—makes the Himalayan region at least equal to the Nine-dash Line as a site where China might deploy force to defend its declared core national interest.

Beijing's insistence upon its “historic rights” in the South China Sea could also induce unsettling resonances over Outer Manchuria in the minds of nationalists in both China and Russia—and, potentially, in the minds of Russia's leadership. The Qing dynasty lost this region to Czarist Russia in the mid-19th Century, and while the boundary between it and the Chinese region of Manchuria was officially agreed between Chinese and Russian governments in 2008,¹³⁸ a bitterness remains in China over the loss. A public reminder of this lingering bitterness came as recently as 2023, when Beijing began to require new maps produced in China to use Qing-era Chinese names, instead of the usual transliterated Russian ones, for settlements in Outer Manchuria.¹³⁹ If the Kremlin has a reason to fear China's intention to relitigate this territory, either through choice or compulsion by a political environment cultivated by the Chinese party-

¹³⁶ Jen Judson (2025) 'US Army plans Australia test of missile launcher that has irked China', *Defense News*, <https://www.defensenews.com/land/2025/03/27/us-army-plans-australia-test-of-missile-launcher-that-has-irked-china/>; Geoffrey Maitem (2025) 'Philippines set to host second Typhon missile system, signalling Trump's defence pledge', *SCMP*, <https://www.scmp.com/week-asia/politics/article/3303967/philippines-set-host-second-typhon-missile-system-signalling-trumps-defence-pledge>.

¹³⁷ 朱锋(2025) “‘特朗普 2.0 时代’美国的南海政策：趋势与应对”, *Around Southeast Asia* (东南亚纵横), republished at Center for International Security and Strategy, Tsinghua University, <https://ciss.tsinghua.edu.cn/info/nhwt/8079>.

¹³⁸ Li Xiaokun (2008) 'China, Russia sign border agreement', *China Daily*, https://www.chinadaily.com.cn/china/2008-07/22/content_6865847.htm.

¹³⁹ Geoff Raby (2024) *Great Game On: The Contest for Central Asia and Global Supremacy*, pp.149-151.

state itself, mutual suspicion would again cloud China's relationship with Russia—to the great detriment of both countries.

However, Beijing has extensive experience in negotiating amicable settlements with its neighbours over border disputes. Most of the PRC's land borders had to be demarcated after its founding—and after a peaceful exchange of small sections of territory with Russia in 2008, China's only outstanding border disagreement on land is with India. Indeed, the only wars the PLA has fought over territorial disputes are those with India and the former Soviet Union. In settling boundaries with North Korea, Mongolia, Pakistan, Kazakhstan, and Tajikistan, China agreed to have most of the land in question assigned to its interlocutor. Only in its negotiations with Myanmar and Kyrgyzstan did China gain over half of the contested areas.¹⁴⁰ It is evident that these compromises have not threatened the PRC's territorial integrity or security, nor have these neighbours attempted to extract further concessions. Instead, these settlements allowed China to eliminate a series of foreign policy risks in its neighbourhood.

CHINA'S AMERICA FIRST STRATEGY

At this juncture, Sino-American tensions present the greatest foreign policy problem for China, making China's position vis-à-vis America the guiding star for its grand strategy. The four existing military bases in the South China Sea appear integral to China's military posture in the region, and Beijing is unlikely to relinquish this advantage. However, any further pursuit of its sovereignty claims in the region would necessarily involve coercion, and thus risk pushing China's neighbours into Washington's geopolitical orbit.

The most effective way for the PRC to strengthen its strategic position is the sustained enhancement of its own economy and targeted investment in some military capabilities. The geography and resources of SCS can offer little more than marginal benefit to either objective. If China can convince various countries that the US can win neither a military conflict in the South China Sea nor an economic war against China, its neighbours would have to make accommodations—as might Washington itself.

Beijing seems to recognise this. It has been moving towards a conciliatory approach, mostly by suspending sovereignty disputes. It has also ceased major expansions to its bases in the SCS. It has offered no more than diplomatic protests to Vietnam's land reclamation in the Spratly Islands, and even to the construction of an airfield there; both these projects have proceeded

¹⁴⁰ See Elleman (eds.) *Beijing's Power and China's Borders*, pp.97 (for Kazakhstan), 118-120 (North Korea), 127 (Kyrgyzstan), 176 (Mongolia), 191 (Myanmar), 220 (Pakistan).

unhindered.¹⁴¹ In any case, such small and isolated bases constitute no substantial threat to the PLA. Beijing has also worked to improve relations with New Delhi and Tokyo—all of which points to a coherent strategy of picking its battles and concentrating on the Sino-American front.¹⁴²

Nevertheless, whether Beijing will truly practise its much-touted “genuine multilateralism” close to home remains to be seen. Doing so would require the PRC to move beyond its preferred model of bilateral diplomacy towards multilateral mechanisms with the widest possible participation among its SCS neighbours for confidence building, negotiation, dispute settlement and joint development. Within such mechanisms, all sides would need to first acknowledge the existence of the disputes, and be ready to make concessions over their claimed maritime boundaries and geographical features, with a view to achieving clearer demarcations, especially over their respective exclusive economic zones.

Beijing would need to take the first step—likely by leading a call for all parties to reaffirm their commitments to the 2002 *Declaration of Conduct of Parties in the South China Sea*—or even leading by example with a (potentially unilateral) guarantee, based on the existing facts-on-the-ground, of its adherence to the ten principles in the *Declaration*. In the meantime, the negotiation process towards the *South China Sea Code of Conduct* itself can serve as a stabilising multilateral mechanism.¹⁴³

From Beijing’s standpoint, FONOPS—military sail-throughs by powers external to the region, particularly the US and Australia—are aimed squarely at supporting other claimants, and in doing so challenging not only China’s sovereignty but also the multilateralism that Beijing promulgates. The PLA is likely to continue taking countermeasures against these operations, including close tracking and harassment, but it would not need to make these interactions riskier in order to deter the US.

For Washington, the cost-benefit calculus of a direct challenge to China in the area appears increasingly unfavourable. Since it is evident that the militaries of America and its allies could not establish a viable presence in the waters of the SCS during a conflict, all parties and observers understand, at least implicitly, that FONOPs only occur with China’s tacit toleration

¹⁴¹ RFA staff (2024) ‘Vietnam builds airstrip on reclaimed island in South China Sea’, *Benar News*, <https://www.benarnews.org/english/news/philippine/vietnam-builds-airstrip-on-reclaimed-island-in-south-china-sea-10252024132012.html>; (China) MFA press conference, 19 February (2025), https://www.mfa.gov.cn/fyrbt_673021/202502/t20250219_11558915.shtml.

¹⁴² Yun Sun (2025) ‘China’s Trump Strategy’, *Foreign Affairs*, <https://www.foreignaffairs.com/china/chinas-trump-strategy>.

¹⁴³ On the difficulties in this process, see Jaime Naval (2024) ‘ASEAN’s elusive code of conduct for the South China Sea’, *East Asia Forum*, <https://eastasiaforum.org/2024/11/21/aseans-elusive-code-of-conduct-for-the-south-china-sea/>.

and are of purely symbolic value.¹⁴⁴ Additionally, patrolling this far from American bases (and close to PLA's home bases) places a disproportionate logistical burden with the US. And regardless of the efficacy of a blockade against China, the SCS is not its only chokepoint nor the most convenient one for America to exploit, while China has options to reduce its exposure to this corridor. If the military balance in the West Pacific continues to tilt towards China, America would likely step back from any frontal challenge to Beijing in the SCS to contain risks and conserve resources.

A retrenchment of the US presence in the region would relieve China of a pressing security risk close to home, and would also make compromises with fellow SCS claimants strategically and politically more palatable to the Chinese leadership. If Beijing persists with its current policy of patience, focusing its efforts on the Sino-American balance, while building confidence and dispute management mechanisms with other claimants, it will enjoy greater, long-term security in its own neighbourhood.

¹⁴⁴ See: Sam Roggeveen (2025) 'How should Australia respond to Chinese warships' live fire?', *The Interpreter*, The Lowy Institute, <https://www.lowyinstitute.org/the-interpreter/how-should-australia-respond-chinese-warships-live-fire>.

Conclusion

The South China Sea disputes arise from the region's complex history, a history in which China has been but one of many actors. The PRC's claims are based on its interpretation of the *UN Convention on the Law of the Sea*, have remained consistent and spatially circumscribed, and exist alongside other overlapping claims. China has become more active in asserting these claims, especially since the late 2000s, but it has been neither the sole contributor to every episode of escalation, nor unwilling to engage in peaceful management of the disputes. An examination of the evidence shows that China's interests and policies are not directed at the acquisition of territory—as was the imperial practice of both Britain and America in the nineteenth century—or even a Chinese version of the American Munroe Doctrine. Rather, China's primary interest here is the creation of a buffer zone to its east and south, consistent with its historical approach to territorial defence.

Intervention by the United States and its allies in the South China Sea has effectively aimed at challenging China's claims, but it has neither brought the various claimants closer to a settlement, nor prevented the Chinese military from building up a considerable defensive advantage in the area. Indeed, with a somewhat questionable legal rationale and no credible path to victory, the Washington-led intervention has drawn only very limited participation of its allies. Nor is it clear that Washington's tactics are welcomed throughout Southeast Asia, with most claimant countries finding their own ways to manage the disputes with China. Eventually, given the increasingly dim prospect of success in asserting its relatively minor strategic stake, Washington may well recognise that intervention in its current form and intensity is unsustainable. It would then step back from the SCS.

In this environment, a decision to fully assert its claims based on the Nine-dash Line would not bring China substantial, realisable military or economic benefit. Its strategic interests are better served by a patient and relatively conciliatory policy towards its neighbours, accompanied by a focus on the balance with the United States.

Such a policy is increasingly taking shape in Beijing, although it remains to be seen whether Chinese policy-makers will continue to appreciate its neighbours' sensitivities and succeed in developing a sustainable, inclusive multilateral mechanism for managing the disputes. This could entail minor compromises which could be unsatisfying in the short term, but which would pay geopolitical dividends over time.

No prudent policy-maker in Beijing will assume a smooth transfer of the United States' strategic pre-eminence in Asia, or the inevitability of Southeast Asian states' accommodation with China.

The People's Republic of China, as the resident great power in the region, holds growing responsibility and capacity to resolve the issues in the South China Sea, and to do so peacefully. One of the greatest tests of China's statecraft today is ensuring that this sea does not become an abyss separating the contending states, but instead remains an open passage connecting, as it had for millennia, the neighbouring communities as well as those beyond.¹⁴⁵

¹⁴⁵ For the history of contact and communication over the South China Sea, see Derek Heng & Angela Schottenhammer (2024), 'The Pre-Colonial Heritage of the South China Sea', in Hensel (eds.) *Security Dynamics in the South China Sea*, pp.21-33.

Appendix

Table 1: China's natural gas production, import, and consumption

Type		Volumes, in year 2024 (bcm per year)	Volumes, in year 2030 (bcm per year)	Volumes, in year 2040 (bcm per year)
Total consumption		426	About 600	800
Production on land and close to shore		246	About 300 (after developing recently discovered reserves)	350 to 400 (assuming insignificant new discoveries, intensified exploitation, but steady drawdown afterwards as part of decarbonisation)
Major import sources	Central Asia-China Gas Pipeline	74.5	85 (maximum)	85
	Power of Siberia (Russia-China)	About 30	38 (maximum)	38
	Power of Siberia 2	0	50 (if completed and operating at full capacity)	50
	Liquified Natural Gas (LNG) import	105.5	170 at 50% capacity; 340 (maximum handling capacity)	Up to 340
Secure supply (pipeline and land-based or near-shore production), realised and planned		350.5	423 (importing at maximal rate with established pipelines) 473 (if Power of Siberia 2 reaches capacity)	Up to 573
Total import (consumption minus domestic production)		About 210	About 300	400-450

Potential pipeline imports	Nordstream supply, redirected to China (hypothetical)	0	0 (unlikely to realise by 2030)	110
	Iran-China pipeline (hypothetical)	0	0 (unlikely to realise by 2030)	50 to 100 (assuming similar capacity as Central Asia-China Gas Pipeline)
Reliance on LNG imports (LNG as a proportion of total consumption)		23% to 25%	22% to 30% (pending on the progress of Power of Siberia 2)	3% (assuming intensified domestic production and additional pipelines to Iran and Russia) 35% (moderate level of domestic production and no additional pipelines)

Sources (in order of appearance): 渠沛然 (2025) ‘去年天然气消费量或突破四千亿方’, *中国能源报*, republished on *人民网*, http://paper.people.com.cn/zgnyb/pc/content/202501/06/content_30051230.html;

AIT Events Co., Ltd. (2024) ‘从 2025 年全国能源工作会议洞悉中国天然气发展脉络’, <https://www.lngtechevent.com/article/item-1954.html>;

Cindy Liang (2023) ‘PetroChina looking to resume Central Asia Gas Pipeline Line D construction in 2024: source’, S&P Global, <https://www.spglobal.com/commodityinsights/es/market-insights/latest-news/lng/122123-petrochina-looking-to-resume-central-asia-gas-pipeline-line-d-construction-in-2024-source>;

Genevieve Donnellon-May (2023) ‘Beijing digs in for the Central Asia-China gas pipeline’, *The Interpreter*, Lowy Institute, <https://www.lowyinstitute.org/the-interpreter/beijing-digs-central-asia-china-gas-pipeline>;

国家石油天然气管网集团有限公司(2024) ‘中俄东线天然气管道全线贯通 年输气能力增至 380 亿立方米’, (China) State-owned Assets Supervision and Administration Commission of the State Council, <http://www.sasac.gov.cn/n2588025/n2588124/c32272514/content.html>;

Reuters (2024) ‘China completes full pipeline for Power-of-Siberia gas’, <https://www.reuters.com/business/energy/china-completes-full-pipeline-power-of-siberia-gas-2024-12-02/>;

特能源 (2025) ‘一文回顾 2024 年国内 LNG 进口’, *Chongqing Petroleum and Gas Exchange*, <https://www.chinacqpgx.com/hy/shownews?id=13028>;

渠沛然 (2024) ‘LNG 接收站发展需打好组合拳’, *中国能源报*, republished on *人民网*, http://paper.people.com.cn/zgnyb/html/2024-04/15/content_26056310.htm;

李玲 (2024) 消费量保持每年 200 多亿立方米增长, 中国是全球天然气市场重要引擎’, *中国能源报*, republished on *人民网*, http://paper.people.com.cn/zgnyb/html/2024-04/15/content_26056278.htm;

张晋宇 and 季旺 (2024) ‘过剩一族又添 LNG 接收站?’, *China Petrochem*, http://www.chinacpc.com.cn/info/2024-08-16/news_8628.html;

Enerdata (2022) 'The Nord Stream pipeline transported 59.3 bcm of Russian gas to Europe in 2021', <https://www.enerdata.net/publications/daily-energy-news/nord-stream-pipeline-transported-593-bcm-russian-gas-europe-2021.html>.

Conversion of LNG by weight to gas volume according to the method provided in 张抗 (2019) '我国天然气统计和计量方法需修正', *中国能源报*, republished on 人民网, http://paper.people.com.cn/zgnyb/html/2019-11/18/content_1956810.htm.

Table 2 (translated from “表 3”): China's LNG import forecast from China Petrochem in 2024

Type		2025	2030	2035
Demand for consumption		450	550	650
Domestic production	Regular natural gas	203	232	257
	Coal seam gas	15	21	25
	Shale gas	30	36	41
	Synthetic Natural Gas	60	80	90
Imports through pipelines	Central Asia	44	55	60
	Russia	38	48	54
	Myanmar	4.5	4.5	4.5
LNG imports		109.5	145.5	199.5
LNG imports measured in million tons		78	104	143

表3 我国进口LNG量预测 (单位: 亿立方米)

类型		2025年	2030年	2035年
消费需求		4500	5500	6500
国产气供应量	常规气	2030	2320	2570
	煤层气	150	210	250
	页岩气	300	360	410
	煤制气	60	80	90
进口管道气供应量	中亚	440	550	600
	俄罗斯	380	480	540
	缅甸	45	45	45
进口LNG		1095	1455	1995
进口LNG折合万吨		7800	10400	14300

表4 我国LNG接收站平均负荷率预测

年份	2025年	2030年	2035年
进口LNG量 (万吨)	7800	10400	14300
我国LNG接收站总规模 (万吨)	22075	27780	27980
我国LNG接收站平均负荷率	35.3%	37.4%	51.1%

Table 3 (translated from “表 4”): Forecasted average load factor of LNG terminals, from China Petrochem in 2024

Year	2025	2030	2035
LNG import (million tons)	78	104	143
Total LNG terminals handling capacity (million tons)	220.75	277.8	279.8
LNG terminal operating load factor	35.3%	37.4%	51.1%

Source (for tables 2 and 3): 张晋宇 and 季旺 (2024) ‘过剩一族又添 LNG 接收站?’, *China Petrochem*, http://www.chinacpc.com.cn/info/2024-08-16/news_8628.html.