

GOVERNING THE SOUTH CHINA SEA:

FROM FREEDOM OF THE SEAS TO OCEAN ENCLOSURE MOVEMENTS



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INTRODUCTION

Who governs the South China Sea?¹ Who controls access to its considerable resources? Who ensures safety and security for its many stakeholders? Three movements have emerged that attempt to provide answers to these questions. First, a resource control movement of coastal nations wants to assert and extend Exclusive Economic Zone (EEZ) claims under the 1994 UN Convention on the Law of the Sea (UNCLOS). With population growth, consumer demand, and technological capabilities, coastal states are interested in controlling and exploiting the natural resources in their EEZs. Second, a conservation movement has been evolving to ensure environmentally sustainable resource use and to preserve the natural biodiversity of the sea as a public trust and not for private exploitation. Third, and oldest, there is a security movement of international stakeholders who want to preserve freedom of the seas and the straits of the South China Sea and its archipelagic

¹ Caitlin Arnold, Middlebury, 2011, is gratefully acknowledged for her valuable research assistance.

waterways for their commerce and naval vessels.

This article examines these three movements and the converging and diverging trends among them.² It finds a paradox: regional integration has exacerbated resource nationalism.

THE RESOURCE CONTROL MOVEMENT

Over 500 million people in China, Hong Kong, Taiwan, Vietnam, Malaysia, Singapore, Indonesia, Brunei, and the Philippines live within 100 miles of the South China Sea coastline. Many of them depend on it for their sustenance and livelihood. Fisheries are important around the South China Sea as an inexpensive form of protein, a means of livelihood, and a source of foreign exchange earnings. The South China Sea provides the habitat and spawning grounds for the world's most

² A comprehensive and current annotated bibliography of East Asian integration is provided by Dr. Bernhard Seliger in "Recent Bibliography of East Asian Regionalism and Integration (2007-2010)," accessible at www.asianintegration.org

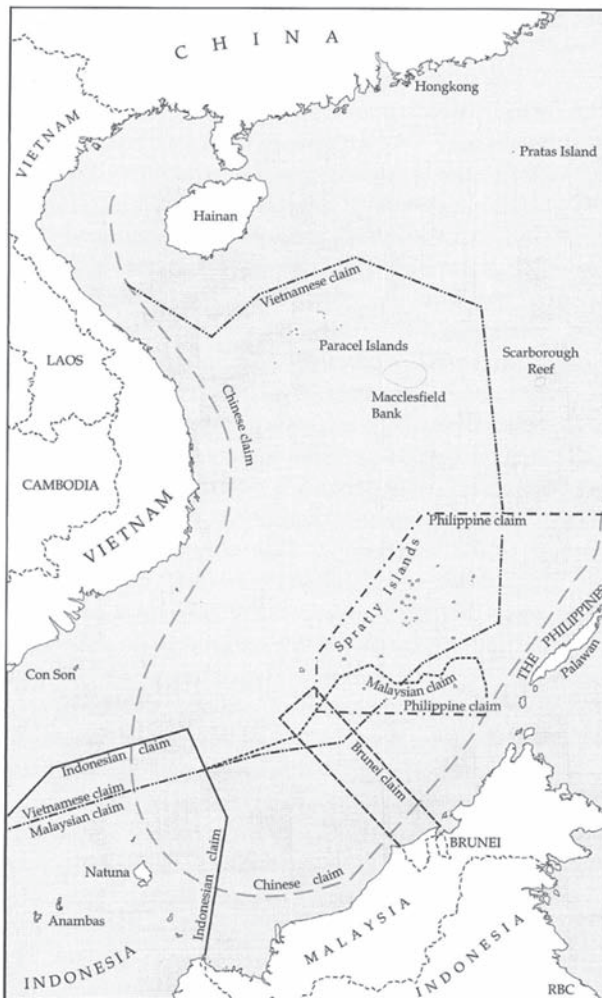
valuable fisheries of shrimp and tuna. A large portion of the coastal workforce is dependent on the marine environment through employment in fishing, marine transportation, offshore exploration and extraction of hydrocarbon and other natural resources, recreation and tourism.

As urban coastal populations have grown and as fishing technology has improved, the demand on fish resources has intensified considerably and has led to the overexploitation of fisheries in the shared waters of the South China Sea. Fish catch rates began to decline in the 1970s with sharper declines registered in the 1980s, as bottom trawlers came into widespread use. Fisheries depletion is not only evident in declining catch rates, but also in smaller fish sizes, and market movements down the food chain from large, high-value fish such as tuna, grouper, and snapper to smaller lower value fish such as sardines, herring, and mackerel. Aquaculture and other substitutes have expanded enormously in the region, relieving pressure on capture fisheries. However, intensive, large-scale commercial aquaculture is relatively recent; it is not yet clear how sustainable it can be.

Countries with extensive coastlines bordering the sea, such as Indonesia, Malaysia, Vietnam, the Philippines and China, want to protect their sovereign rights and resource control in their EEZs that may extend up to 200 nautical miles beyond their coastlines. Territorial claims to the many islands and reefs in the South China Sea are especially important as an anchor for asserting an exclusive economic zone (EEZ) around the disputed islands and the oil and natural gas resources they are thought to contain.

This has led to numerous overlapping and conflicting territorial claims. For example, the Spratly Islands are claimed in their entirety by China, Taiwan, and Vietnam, while portions are claimed by Malaysia, Brunei, and the Philippines. About 45 islands are occupied by relatively small numbers of military forces from China, Malaysia, the Philippines, Taiwan, and Vietnam (See Map 1). The international legal framework for resource use in the South China Sea is provided by UNCLOS. It calls for establishing joint resource management areas and provides guidelines for doing so, even where conflicting territorial claims are unresolved. For example, Article 61 of UNCLOS requires countries to monitor their fish catch in relation to both economically and environmentally sustainable yields. Articles 116-119 provide for provisional agreements for joint resource management in disputed areas.

MAP 1



Territorial claims in the South China Sea.

CONSERVATION MOVEMENTS

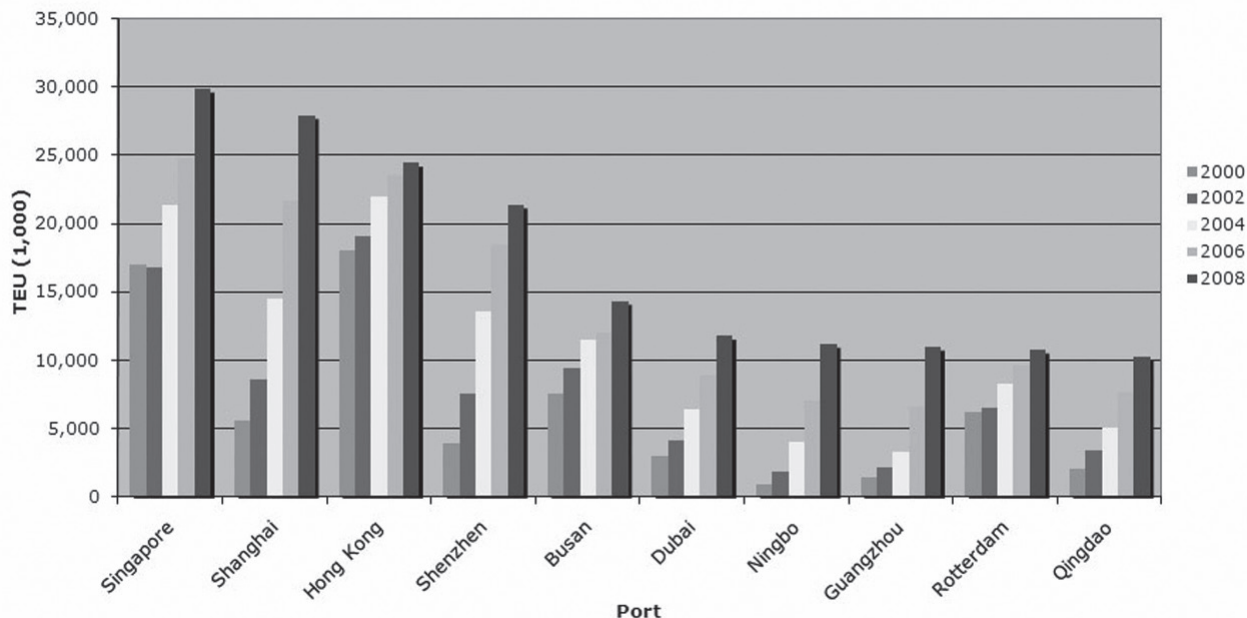
Geology and climate have combined to produce a remarkable amount of biological diversity and immense natural resources in the South China Sea. It has numerous archipelagoes, islands, and peninsulas, an abundance of coral reefs, seasonally reversing monsoon winds, and underwater currents, all combining to produce exceptionally favorable conditions for a fertile marine ecosystem. Over thirty per cent of the world's coral reefs border the South China Sea, especially around the archipelagos of Indonesia and the Philippines. Coral reefs are the foundation of an aquatic food chain; they provide a habitat for the highest biological diversity in the world. They support several thousand different species of organisms and play an important part in buffering

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FIGURE 1

World Container Traffic: Top 10 Ports, 2000-2008

*TEU = twenty-foot equivalent unit
 Source: International Association of Ports and Harbors (IAPH),
http://www.iaphworldports.org/world_port_info/statistics.html.



wave impact on beaches, thus reducing erosion. The flat and shallow seabeds of the South China Sea are among the world’s most productive fishing grounds.

There have been many conservation movements around the South China Sea, each with its distinct mix of emphases on scientific, technical, training, educational, policy formulation, and implementation aspects. Unilateral measures by individual governments include the promotion of aquaculture or fish farming, the establishment of marine protected areas, and the imposition of fish bans. Multilateral measures include the highly ambitious and extensive efforts of the United Nation Environmental Program/Global Environmental Facility (UNEP/GEF) in the South China Sea to more delineated and intensive agreements such as the Sino-Vietnamese Joint Resource Management in the Tonkin Gulf.

Perhaps the most ambitious multilateral effort affecting regional fisheries management is the UNEP/GEF project on Reversing Environmental Degradation in the South China Sea and Gulf of Thailand. In March 2001, all the coastal states put aside their competing territorial claims and signed an agreement to protect their common marine environment. The ultimate objective is

to establish “refugia” — fish sanctuaries — encompassing the critically important marine habitats in the South China Sea, to be protected from overexploitation by a multilateral fisheries management system including all the participant governments.

An enormous educational effort is being made to inform stakeholders about the current degradation of the South China Sea and to persuade them of the importance of sustainable resource management.

However, tangible progress in remediating environmental degradation has been slow.

The first binding global agreement to address overfishing was the 1995 UN Fish Stocks Agreement. It gave rise to a number of regional fisheries management organizations (RFMOs) to deal

with over-exploitation of highly valuable but also highly mobile fish stocks that crossed EEZ boundaries. The first RFMO created was the Convention on the Conservation and Management of the Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (WCPO). The negotiations included 28 states from around the South China Sea and adjacent Pacific Island countries, all with a major stake in the sustainable management of tuna fisheries.

The tuna fishery of the WCPO is the largest and

Economic and trade factors have so far superseded the conservation movement for sustainable fisheries.

most valuable in the world, including stocks of albacore, skipjack, yellowfin, and bigeye tuna. The WCPO annually provides about half of the global tuna catch, including canned tuna for the world market and the lucrative Japanese sashimi market. Most tuna migrate extensively throughout the region; however, about seventy per cent of the total catch is caught within the EEZ's of coastal states. Distant-water fishing nations such as Japan, Taiwan, Thailand, and South Korea with advanced tuna fishing fleets account for most of the tuna catch and pay substantial license fees to gain access to the EEZ waters of the region.

All these inter-governmental efforts are largely voluntary to encourage widespread participation. They have produced a substantial amount of information, education, training, planning and monitoring through their work. However, given the wide range of participating governments, their varying concerns and capabilities, and few stringent implementation or enforcement requirements, these multilateral institutions have so far had only limited effectiveness in implementing sustainable fisheries management. Economic and trade factors have so far superseded the conservation movement for sustainable fisheries.

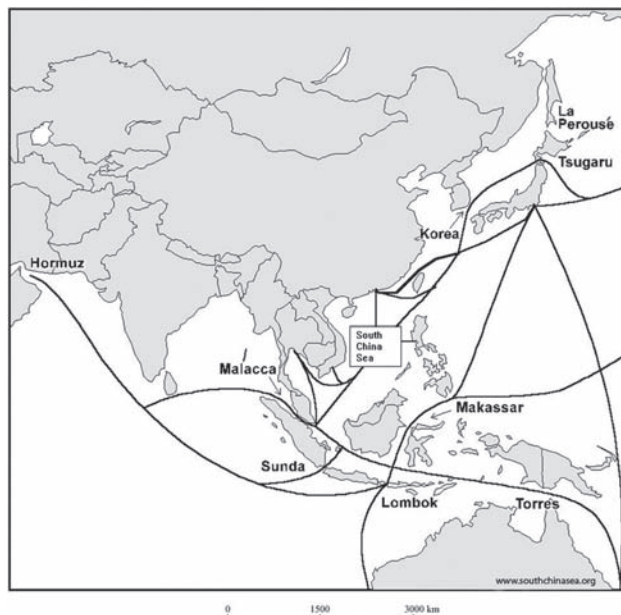
SECURITY MOVEMENTS

The South China Sea is one of the world's busiest international sea-lanes. Over half of the world's merchant fleet (by tonnage) sails through the South China Sea every year. More than half of the world's oil tanker traffic passes through the region's waters. Over half of the top ten container shipping ports in the world are located in or around the South China Sea. For the many export-oriented, energy-importing countries of East Asia, the South China Sea is the main artery of transportation for vital energy imports and commodity exports. The South China Sea has become the hub of the industrial revolution of Asia (See Figure 1).

The South China Sea is also the strategic maritime link between the Pacific Ocean and the Indian Ocean. For major naval powers, freedom of navigation through the sea lanes of the South China Sea is of paramount importance for their naval fleets. Countries with major shipping and naval interests such as the United States and Japan mainly want to maintain freedom of navigation through the straits and sea lanes of the South China Sea for their oil tankers, container ships, and naval vessels. The U.S. sends its warships, including aircraft carriers from its Pacific Fleet, through the South China Sea in support of its military missions in the Arabian Sea and Persian Gulf. It is the vital artery that connects Japan with its Middle East energy suppliers (See Map 2).

The large volume of shipping in the South China Sea region has created opportunities for attacks

MAP 2: Sea lanes of the south china sea



on merchant shipping. Over the past two decades, more than half of the world's reports of piracy took place in or around the South China Sea. As a result of piracy and the post-9/11 terrorist threat, there has been heightened international scrutiny of ports and shipping containers. Coastal countries have many other security concerns, including the frequent conflicts involving fishing vessels competing for dwindling fish stocks, as well as trafficking in drugs, refugees, and forced labor.

As a result of all these security concerns, there has been heightened international scrutiny of sea-lanes, ports, and shipping containers. Coastal states are modernizing their naval and coast guard forces and patrols to secure their sea lanes as well as their maritime resources. Consequently, military and intelligence gathering activities by several countries are becoming more intensive, intrusive, controversial, and dangerous.

CONVERGING TRENDS

Regional economic integration has been a major factor for convergence among these three movements for resource control, conservation, and security. Starting with the liberalization and globalization trends in the 1980s and 1990s, and continuing with the economic crises of 1997 and 2008, there has been a growing economic interdependence of countries around the South China Sea. This is evident in the shifting pattern of trade for ASEAN (The Association of Southeast Asian Nations - Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam). In 1980, 54.3% of ASEAN's total trade was with Japan, the US, and the EU. By 2009, ASEAN's trade with Japan, the United States, and the

European Union had decreased to 31.4 %. By contrast, intra-ASEAN trade, as well as ASEAN trade with China and Korea, increased substantially, from 29.6% of total ASEAN trade in 1980 to 41% of total ASEAN trade in 2009. The development of CAFTA – the China-ASEAN Free Trade Association – is another important driving force for convergence. It has the potential to create a unified market with 1.8 billion people, US\$2 trillion of GDP, US\$1.7 trillion total trade volume and more than US\$600 billion of foreign reserves (See Figure 2).

The mutual benefits from regional economic integration provide a powerful incentive for harmonizing resource control, conservation, and security movements. For example, oil tanker traffic – already high – will increase substantially with the projected increase in Chinese oil imports. Almost all of this additional Asian oil demand, as well as Japan’s oil needs, will be imported from the Middle East and Africa. Most tankers pass through the strategic Strait of Malacca into the South China Sea. The largest supertankers going to Japan use the wider Lombok Strait east of Bali. Clearly, there is a converging interest among these movements to ensure safety and security for the vessels passing through these contested waters and for the resources they contain (See Figure 3).

As regional economic integration has increased, the number and intensity of intrinsically regional

The mutual benefits from regional economic integration provide a powerful incentive for harmonizing resource control, conservation, and security movements.

maritime security problems in the South China Sea have also increased. These are trans-boundary problems that cannot be solved by any one country – examples include congested navigation, air pollution, illegal or excessive fishing, trafficking, piracy, and terrorism. As long as the sovereignty problems are unresolved, the marine environment remains vulnerable, marine habitats are destroyed, fish stocks are overfished, and marine safety is deficient. Only multilateral cooperation among all stakeholders can redress this situation. Hence, there is a growing demand for regional regime building among coastal states and user states around the South China Sea and a good window of opportunity for doing so.

The South China Sea territorial disputes, once seen as potential flashpoints, were substantially mitigated by the 2002 Declaration on the Conduct of Parties. It was

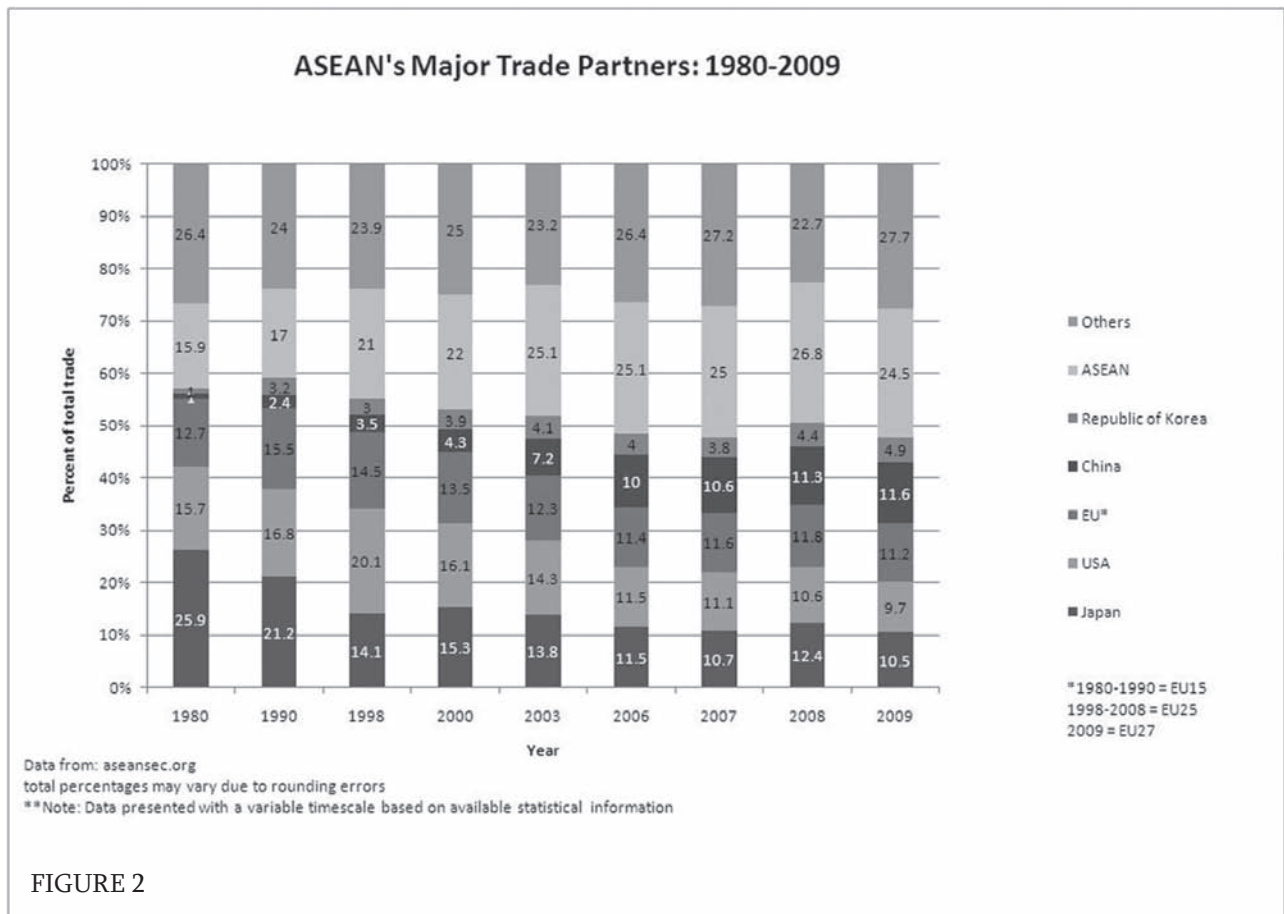


FIGURE 2

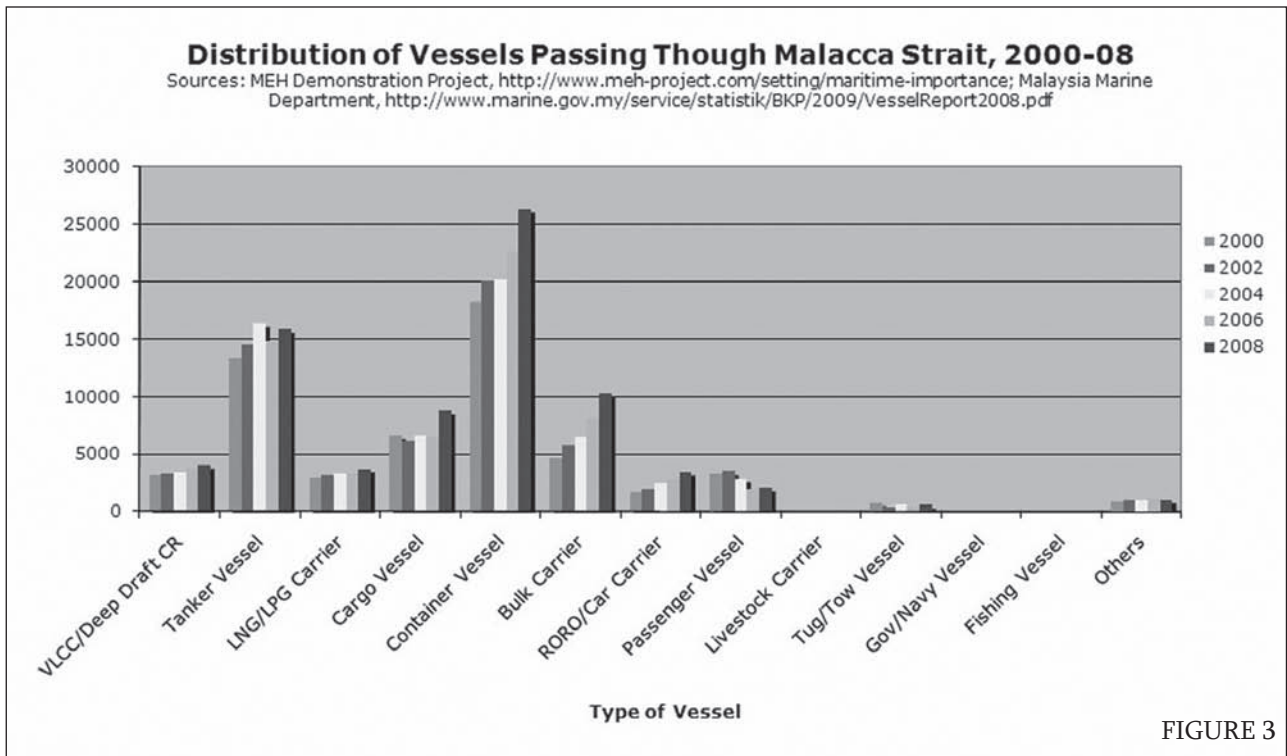


FIGURE 3

China's first formal multilateral agreement on the South China Sea, and the whole of ASEAN is a party to the agreement. China has a substantial stake in making the agreement effective, as it limits the internationalization of the disputes; i.e., no involvement by non-ASEAN parties such as the United States or Japan. But it is still a Declaration, not a Code, without many verification or compliance commitments.

The 2002 Framework Agreement on ASEAN-China Comprehensive Economic Cooperation led to the agreement signed in November 2004 to implement an ASEAN-China Free Trade Area (FTA) by 2010. Following the 10th Summit Meeting of the Association of Southeast Asian Nations (ASEAN), in Vientiane, Laos in November 2004, Beijing held its own summit with ASEAN leaders (ASEAN Plus One) and then joined Japan and the Republic of Korea in discussions with ASEAN leaders (ASEAN Plus Three, or APT). China's Defense White Paper of 2005 emphasizes the importance of pursuing peaceful external relations initiatives through multilateral cooperative approaches to promote domestic development. Beijing had earlier in November hosted the first Security Policy Conference of the ASEAN Regional Forum. It featured an anti-piracy drill and a workshop on countering terrorism. The economic dimension of China's maritime security interests, including in the South China Sea, is underscored by the fact that ninety per cent of its foreign trade is seaborne.

Several regional regimes are now in various stages of construction, including ASEAN + 1 (China), ASEAN + 3 (China, Japan, S. Korea), ARF (ASEAN Regional Forum, 27 participating countries), ASEAN

Dialogue Partnerships (ASEAN + 10 countries), and EAS (East Asian Summit, 16 countries in the region), among others. ASEAN has taken the initiative on many of these and has begun with an emphasis on functional cooperation on non-traditional issues, affecting the welfare of individual citizens, as opposed to traditional security issues concerning the protection of national sovereignty.

Two recent meetings in Hanoi indicate the widening scope of these efforts. The ASEAN Defense Ministers Meeting Plus (ADMM Plus) was inaugurated on October 12, 2010 by defense ministers from ASEAN, Australia, China, India, Japan, Korea, New Zealand, Russia, and the United States. It was an extraordinary event in ASEAN's history to have so many senior defense officials meet in formal session to discuss regional security. The agenda included trans-boundary issues such as disaster relief, counter-terrorism, peacekeeping, and maritime security. Following on, the EAS was held in Hanoi on 30 October 2010. Two new guests were invited, Russia and the United States. The EAS agenda was broad, including discussions on functional cooperation on economic, educational, energy, environmental and epidemic control issues. They proposed to establish an EAS Trade Finance Network and an ASEAN Connectivity Master Plan to create a physical and financial infrastructure for the region.

DIVERGING TRENDS

The South China Sea has been a contested area at least since 1608 when Hugo Grotius formulated

“Mare Liberum, The Freedom of the Seas, or the Right Which Belongs to the Dutch to Take Part in the East Indian Trade.” Since its enactment in 1994, UNCLOS has provided the major international legal framework to govern the right of international passage and the regulation of disputed territorial claims in the South China Sea. However, there is considerable legal confusion and controversy over the right to exercise innocent passage through territorial seas, especially by warships and the right to conduct military surveillance activities in the EEZ of a coastal state.

Two recent events have demonstrated how volatile these unresolved issues can be. One was the confrontation between the USNS *Impeccable* and several Chinese vessels near Hainan Island in March 2009. The other was a statement made by Malaysia and Vietnam, claiming control over natural resources in a large area of the South China Sea. This was contained in their joint submission to the Commission on the Limits of the Continental Shelf (CLCS), a scientific body established by UNCLOS. Their claims were quickly protested by China who made a sweeping counter-claim, which was, in turn, protested by the United States.

The first event - the confrontation between the USNS *Impeccable* and several Chinese vessels in March 2009 - was similar to another encounter, the collision between a US EP-3 surveillance aircraft and a Chinese fighter jet on April 1, 2001. Both occurred near Hainan Island, within China's EEZ. Both occurred at the start of a new US administration. Both threatened a political crisis. Both were basically due to ambiguities in the international law of the sea concerning the right to conduct military surveillance activities in the EEZ of a coastal state.

In the 2001 encounter, the Chinese pilot died after his fighter jet crashed. The US Navy plane was so badly damaged that it made an emergency landing on China's Hainan Island. The US crew of 24 was detained by the Chinese military for 11 days, until just after Washington expressed its regret. China refused to allow US officials to fix the Navy plane and fly it off the island. Eventually it was shipped home in pieces.

On March 8, 2009, the Pentagon reported that five Chinese ships had confronted an unarmed US ocean surveillance ship, the USNS *Impeccable*, and engaged in “reckless and dangerous maneuvers” about 70 nautical miles or 120 kilometers south of Hainan Island. The Chinese vessels reportedly “shadowed and aggressively

maneuvered in dangerously close proximity” to the *Impeccable* in an apparent attempt to drive it out of the area. The crew of the US ship responded by using fire hoses to spray the Chinese ships. Two Chinese ships then blocked its route and threw debris into the water, forcing it to stop in order to avoid a collision. The Chinese vessels accosting the *Impeccable* included a Chinese Navy intelligence collection ship, a Bureau of Maritime Fisheries Patrol Vessel, a State Oceanographic Administration patrol vessel, and two small Chinese-flagged trawlers (<http://www.southchinasea.org/Impeccable.html>).

The USNS *Impeccable* is a civilian-manned unit surveillance ship of the Special Missions Program of the Military Sealift Command (MSC). It normally tows a long sonar antenna array and often operates with a submarine. At one point, a Chinese ship tried to snag the *Impeccable's* tow-line with a long grappling hook.

According to the Pentagon, China's harassment began several days earlier when a Chinese fishing patrol boat pointed a high-intensity spotlight at the USNS *Victorious*, a surveillance ship operating in the Yellow Sea. The following day, a Chinese Y-12 maritime

surveillance aircraft buzzed the vessel 12 times at low altitude. The next day, the US military claimed that a Chinese frigate approached the *Impeccable* without warning and crossed its bow. Two hours later, a Y-12 aircraft buzzed the ship at low altitude. Two days later, on March 7, a Chinese vessel radioed the *Impeccable*, telling it to leave or “suffer the consequences.” The scope and duration of Chinese activities suggest a high level of policy coordination.

A US State Department spokesman said the *Impeccable* was on a routine patrol and was “clearly operating legally in international waters.” The US Navy has admitted that the ship was conducting submarine surveillance, but asserted that it required no permission from the Chinese side.

A Chinese Foreign Ministry spokesman said “the U.S. claims are gravely in contravention of the facts and confuse black and white, and they are totally unacceptable to China.” The Chinese Navy Deputy Chief of Staff said that the *Impeccable* was on a spy mission, and that it posed a hazard to ships in the area as it was pulling long underwater cables. China claims the ship was violating Chinese law and international law by conducting illegal surveying activities and military surveillance too close to its coastline.

There is considerable legal confusion and controversy over the right to exercise innocent passage through territorial seas, especially by warships and the right to conduct military surveillance activities in the EEZ of a coastal state.

As tension rose, Chinese Foreign Minister Yang Jiechi met with Secretary of State Hillary Clinton who said they “both agreed that we want to make sure that these types of incidents don’t recur.” Yang then met with US President Barack Obama in the Oval Office. Both stressed the need for more frequent and intense communications to avoid military confrontations.

In the meantime, US patrols continue in the area, even though China has demanded that the United States stop surveillance work in disputed areas. The US Navy has assigned the *Chung-Hoon*, a heavily armed destroyer, to escort the *Impeccable* as it continues operations in the South China Sea. China, in turn, dispatched its biggest and fastest fishery patrol ship, the *No. 311* Fishing Administration Ship, to patrol its EEZ waters in the South China Sea.

The Chinese Navy has built a new base for its nuclear submarine fleet on Hainan Island, and the US Navy has acknowledged that it is keen to monitor its activities. This new facility provides the Chinese Navy with access to the sea lanes of the South China Sea that are vital to its international commodity trade and energy and raw material imports.

The *Impeccable* incident demonstrates that US-China tensions are never far below the surface. Seemingly small disputes can escalate rapidly. The timing of this encounter is somewhat surprising as US Secretary of State Hillary Clinton had just announced the previous week in Beijing that the United States would resume mid-level military exchanges with China. They had been halted in 2008 after a major arms sale to Taiwan during the Bush administration.

CLCS CLAIMS AND CHINA’S U-SHAPED CLAIMS MAP

The second event involves the CLCS claims made by Malaysia and Vietnam and their political repercussions in China and the United States. According to UNCLOS, a coastal state has the right to claim a continental shelf beyond 200 nm from either its mainland or its islands, if it submits supporting scientific and technical information on its shelf claim to the CLCS. The deadline to make submissions was May 13, 2009. Malaysia and Vietnam submitted their claims on May 6, 2009. Vietnam submitted additional claims on May 7, 2009. The Philippines objected to these claims and made a partial submission of its own claims. China then protested that these submissions seriously infringed China’s sovereignty, sovereign rights and jurisdiction in the South China Sea. This rendered all claims as moot, as the CLCS will not consider submissions in any areas subject to a sovereignty dispute. In its protest note to the CLCS, China asserted:

China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the

relevant waters as well as the seabed and subsoil thereof (see attached map).³

The attached map was the major cause of the controversy.

The map, originally published by the Republic of China Government in 1947, has nine dashes drawn in a u-shape around the South China Sea. The u-shaped line encompasses most of the South China Sea, and comes very close to the mainland territories of the Philippines, East Malaysia and Vietnam. This appears to be the first time China has attached this map to an official communication to the UN. This has led some to conclude that China is officially claiming all the waters

US patrols continue in the area, even though China has demanded that the United States stop surveillance work in disputed areas.

within the u-shaped line as its territorial or historic waters, a position which is contrary to UNCLOS.

These Chinese actions have been widely seen in US news media as a threat to the high seas freedoms of over-flight and navigation in the South China Sea. This may have prompted Secretary of State Hillary Clinton to state at the ASEAN Regional Forum meeting in Hanoi in July 2010 that the United States had a national interest in maintaining freedom of navigation in the South China Sea, thereby bringing the United States into what has always been regarded as a regional dispute.

However, China’s note to the CLCS does not claim that all the waters inside the dotted line are its territorial waters or historic waters, or that it has any historic rights in the waters inside the dotted line. China’s claim is not to the entire South China Sea, but only to the islands inside the dotted line, to the waters “adjacent” to the islands, presumably referring to a 12 nm territorial sea, and to any maritime zones that can be generated from such islands, a position consistent with UNCLOS.

The continental shelf submissions by Malaysia, Vietnam, China, Philippines, and Brunei have certainly complicated the underlying disputes on sovereignty over the islands. There is still considerable controversy about whether any of the islands are entitled to an

³ See Robert Beckman, “How China Can Clarify Its Aims,” in *The Straits Times*, September 25, 2010, accessible at <http://admpreview.straitstimes.com:90/vgn-ext-templating/v/index.jsp?vgnextoid=f6a5aeae5344b210VgnVCM100000430a0a0aRCRD&vgnextchannel=0162758920e39010VgnVCM1000000a35010aRCRD>

EEZ or continental shelf of their own. However, it is important to note that all these countries are following the provisions provided by UNCLOS. This establishes a common framework which should make it easier to explore possible solutions.

ANALYSIS AND PROGNOSIS

There is general agreement that freedom of navigation in and above EEZs should not interfere with the rights of the coastal state. However, there is considerable confusion and controversy over the right to exercise innocent passage through territorial seas (especially by warships), as well as over the right to conduct military surveillance activities in the EEZ of a coastal. UNCLOS states that international users may enter another state's EEZ "with due regard" to the rights and duties of the coastal state. But the UNCLOS does not clearly define "due regard" or what constitutes permissible military activity or marine scientific research.

China, which has signed the UNCLOS treaty, maintains that military operations, hydrographic surveying and intelligence collection by foreign ships or planes can be carried out in an EEZ only with permission from the coastal state. Although the United States has not signed the UNCLOS, it contends that collecting marine data for its own military purposes is part of the freedom of navigation in international waters, including in the EEZ of another country without that country's consent.

Coastal and international stakeholders share many overlapping interests, for example, in promoting safe navigation through the sea. However, on other issues such as military activity in EEZs, anti-piracy or anti-terrorist enforcement measures and territorial claims, they have had conflicting views. The United States apparently will continue naval surveillance in the South China Sea and China will continue to object to activities in disputed waters. Hence, future incidents seem likely. The danger is that every incident is vulnerable to misinterpretation and has the potential to produce a far wider conflict.

In the short-term, these incidents are unlikely to escalate into a major conflict because there are more pressing priorities for regional cooperation. The economies of the two countries are closely intertwined. US corporations rely on China as a huge cheap labor supply and China depends on the United States as a major market for its goods. Both Clinton and US Secretary of Finance Timothy Geithner have publicly urged China to continue to buy US Treasury bonds. So far, there are no signs that the *Impeccable* incident has disrupted negotiations between China and the United States to deal with the global financial crisis. It will remain a minor irritant as long as the United States, the world's biggest debtor, finds itself indebted to China, the world's biggest creditor, and as long as China depends on access

to US technology and consumer markets for its continued economic growth, and as long as ASEAN continues its regional security initiatives.

How does one assess these converging and diverging trends among resource control, conservation, and security movements? Three standards may be useful for evaluating the progress of maritime relations. One is historical: how have relations evolved over time? A second is cross-national: how does this relationship compare with other regional integration movements, such as the European Union? The third is optimal: how well do these relations address common goals?

According to the historical standard, some trends are clear: China's economy has continued its rapid growth in total output and in regional trade and foreign direct investment (FDI). It has become the top trading partner of almost every country in Asia, not just ASEAN. Perhaps the most important recent development is that China, Japan, and South Korea have initiated annual summit meetings to deal with their own thorny economic and environmental issues such as their heavily-protected farm sectors. Multilateral maritime cooperation is still vulnerable to resurgent territorial disputes; however, if reconciliation continues among the three largest economies of East Asia, then the numerous ASEAN initiatives for regional integration auger well for maritime security and cooperation around the South China Sea.

According to the cross-national standard, however, regional integration has a way to go to catch up with the degree of regional integration achieved by the EU or NAFTA. For example, the percentage of intra-regional exports for the EU-15 has been over 60% for the past 10 years; for NAFTA, it is over 50%; for ASEAN, it is now approaching 40% of total exports (ASEAN Trade Data, aseansec.org). There is considerable potential for expanding intra-regional trade and investment as the key to regional maritime integration.

According to the optimal standard, resource control, conservation, and security movements must resolve a paradox: increased regional integration has intensified resource nationalism. The increasing interdependence of states and markets through trade, investment, migration, and popular culture has also increased nation-state efforts to extend and strengthen their sovereignty claims in their maritime commons. This occurs at a time when they must also collectively deal with a rising China when it becomes a superpower in its own right; in an East Asian region with – for the first time – both a strong China and a strong Japan; and with a United States which aims to maintain its superpower status. Given ASEAN's regional security initiatives, China's outward foreign policy reorientation, and American multilateralism, there is an extraordinary window of opportunity for strengthening maritime security relations around the South China Sea.