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Stop the Bully in the South China Sea

Beijing must pay a price for allowing its coast guard and proxies to impede freedom of the seas.

By Gregory B. Poling and Murray Hiebert

The State Department weighed in forcefully last week on China's harassment of Malaysian and Vietnamese oil and gas operations in the South China Sea. Spokeswoman Morgan Ortagus blasted Beijing's "continuing interference with Vietnam's longstanding oil and gas activities," which "calls into serious question China's commitment . . . to the peaceful resolution of maritime disputes." The department was right to fire diplomatic shots across Beijing's bow, but the U.S. and its partners need to do more to persuade China to rein in its coast guard and militia ships before they cause a deadly collision that could spark a wider crisis.

The situation off the Vietnamese coast has attracted the most attention, but China's bullying started in May on the other side of the South China Sea. Two vessels contracted by a subsidiary of Royal Dutch Shell had finished one of their regular runs from Malaysia's Sarawak State to a drilling rig operating off its coast in the South China Sea on May 21 when things went awry. A large Chinese coast guard ship, the Haijing 35111, appeared on the horizon. Sailing at high speed, the Chinese ship circled the commercial vessels, approaching to within 80 meters.

These maneuvers were tracked by the Asia Maritime Transparency Initiative at the Center for Strategic and International Studies using the identification signals transmitted by the ships. The incident was one episode in a two-week effort by the Haijing 35111 to harass and impede Shell's drilling operations. At the end of May, the Chinese vessel gave up and returned to port in China's Hainan province, but not for long.

By June 16 the Haijing 35111 had made its way to Vietnamese waters, where the Russian energy company Rosneft had contracted a Japanese rig to drill a new offshore well. The coast guard ship and others like it began harassing the rig and vessels servicing it—and still are. The Chinese ships have been using the same risky maneuvers seen off the Malaysian coast to create a threat of collision to pressure Vietnam and Rosneft to halt drilling.

Natural gas from offshore drilling in this area provides as much as 10% of Vietnam's energy needs. And keeping Rosneft from folding to Chinese pressure is critical to Vietnam's offshore energy industry. Beijing has coerced most other major foreign companies—BP, Chevron , ConocoPhillips and most recently Repsol —out of their investments in Vietnamese offshore energy blocks. If Rosneft is forced to halt its work, the last holdouts—especially Exxon Mobil , which is preparing to undertake a large natural gas project dubbed "Blue Whale" in waters farther north—will likely rethink the wisdom of their investments.

The Haijing 35111 has failed to stop the drilling in the Vietnamese and Malaysian cases, but the resistance hasn't been without cost. A Chinese government vessel, the Haiyang Dizhi 8, arrived off the coast of Vietnam on July 3 and began conducting its own survey for oil and gas. That survey, which continues, covers the seabed over which Vietnam has indisputable rights under international law.

Transmissions show numerous Chinese coast guard ships and members of the People’s Armed Forces Maritime Militia—an official paramilitary force that operates from fishing ships—escorting the survey ship. Vietnam quickly dispatched its coast guard vessels to protect its rig and to shadow the Chinese survey ship. This creates a volatile situation in which collisions, intentional or not, could easily occur. That could lead to an overt military standoff.

Another Chinese state-owned survey vessel, the Shi Yan 2, spent a week in early August surveying Malaysian waters, including areas in which the oil and gas rigs contracted by Shell and others are operating. Since Aug. 14, a third Chinese survey vessel, the Haiyang 4, has been surveying an area of the continental shelf jointly claimed by Malaysia and Vietnam.

There are no military solutions to this pattern of Chinese coercion. If Washington wants to avert a crisis and prove it is serious about upholding freedom of the seas, it will need a robust diplomatic and economic strategy in lockstep with international partners. The goal should be to raise the costs to Beijing for its behavior and convince Chinese leaders they will lose more on the global stage than they will gain locally from their campaign of coercion.

Such a strategy must begin with the State Department recruiting other countries—including European states, Japan, India and Australia—to call on China to abide by its legal obligations. The broader the coalition calling on Beijing to alter its behavior, the higher the reputational costs China will pay for staying its current course.

The U.S. and allies should couple this with the imposition of direct economic costs. If China wants to rely on civilian actors and paramilitaries to coerce its neighbors, then those forces should be unmasked. The U.S. and partner countries should publicly identify Chinese civilian actors and their owners who engage in militia activities targeting China’s neighbors.

Washington should block those entities from doing business in the U.S. or accessing international financial markets through a vehicle like the South China Sea Sanctions Act, currently before both houses of Congress. There is a precedent: The U.S. and Europe responded similarly to Russia’s use of paramilitary forces in eastern Ukraine in 2014.

China is engaged in a long-term campaign of bullying, intimidation and paramilitary violence against Vietnam, Malaysia and the Philippines. Its aggressive pursuit of claims that flout international law at the expense of the rights of Southeast Asian nations is a serious challenge to the international maritime order and regional stability.

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