Beijing responded methodically to a major escalation in US challenges to Chinese expansionism in the South China Sea. Officials from Xi Jinping on down reached out to Southeast Asian countries with emphasis on growing economic relations and cooperation in countering COVID-19. Top-level officials generally eschewed public criticism of the United States on South China Sea issues, while government ministries and official and unofficial media used sometimes tough language in criticizing Washington. Overall, Beijing registered satisfaction that ASEAN adopted a neutral stance and most other states showed little sign of leaning toward the US against China.
The Chinese government in this reporting period faced unprecedented US criticism and US military, diplomatic, and economic moves targeting Chinese expansionism in the South China Sea. US South China Sea initiatives were part of a remarkable government campaign in 2020 to solidify opposition to Chinese practices in a worldwide struggle reminiscent of the Cold War. The intensity and scope of the US campaign appeared to catch Chinese leaders by surprise. They were firm in defending interests but seemed anxious to avoid exacerbating tensions.

Regarding Southeast Asia and the South China Sea, it remained to be seen whether and how escalated US opposition would change the recent pattern of Chinese incremental expansion using generally unpublicized coercive means to expand control in the South China Sea while developing close economic and diplomatic ties advancing Chinese leverage with regional governments. Top Chinese leaders generally didn’t discuss recent South China Sea disputes with the US, leaving that task to lower-level officials and official and unofficial commentary. Xi Jinping followed this practice in the past, notably when he publicly ignored the rising complaints of President Barack Obama and his administration about Chinese practices in the South China Sea and several other policy areas and moved ahead with initiatives opposed by the US government. The commentary of top leaders and other officials continued past practice emphasizing the public face of Chinese cooperation with Southeast Asian neighbors in broadening economic relations and countering the COVID-19 pandemic. Prominent Chinese military exercises and coercive activities of Chinese coast guard and maritime militia continued. And Chinese specialists and commentary in less authoritative Chinese media outlets warned of the danger of military conflict.

**Responding to US Challenges**

The high point of the US challenges came in back-to-back statements on July 13 and 14 by Secretary of State Michael Pompeo and Assistant Secretary of State David Stilwell that offered the strongest US rebuke of China’s South China Sea claims and the strongest support for the positions of the other claimants. These initiatives coincided with the anniversary of the July 12, 2016 ruling of a UNCLOS (United Nations Convention on the Law of the Sea) tribunal, highlighted in the US statements, that the vast majority of Chinese South China Sea claims were illegal. They came as US naval and air forces were carrying out over a four-week period the largest US military show of force in the maritime periphery of Southeast Asia since the Cold War. They were followed by announcements on Aug. 26 by the State Department and the Commerce Department of visa restrictions imposed on Chinese officials and bans on the purchase of US products imposed on Chinese companies involved in constructing Chinese outposts in the South China Sea.

**Relevant Background**

In the months before the mid-July US statements, Beijing dealt with South China Sea issues consistent with past practice that treated disputes sparingly in low-key commentary. Premier Li Keqiang did not mention the issues during his work report to the National People’s Congress on May 22 or his press conference after the congress on May 29. Foreign Minister Wang Yi at a press conference on the sidelines of the Congress followed that pattern in saying that the South China Sea situation “has stabilized” and the code of conduct consultations with ASEAN were “preceding smoothly,” though he acknowledged that COVID-19 caused a pause in deliberations. He stressed Chinese-ASEAN cooperation in countering COVID-19 and forecast robust economic cooperation under the rubric of China’s Belt and Road Initiative and ASEAN development plans.

Other South China Sea matters also were dealt with routinely, which seemed to support the judgments of such foreign specialists as Mathieu Duchatel, Gregory Poling, Ian Storey, and Carlyle Thayer that Chinese behavior in the South China Sea earlier in 2020 was in line with past behavior and did not represent the substantial escalation of assertiveness claimed in various commentary. Thus, in May, once the survey ship employed by Malaysia to carry out exploration in Malaysian claimed waters disputed by China stopped work and left the area, the Chinese survey ship and two coast guard vessels that had been shadowing a Malaysian ship also left the area. This ended a one-month standoff that in April saw the United States deploy warships to this area, marking the first direct US military intervention to counter such Chinese coercion and intimidation. A US Freedom of Navigation Operation (FONOPS) near the Paracel Islands on May 28 received a routine Chinese response. The defense ministry’s monthly press conference on
May 29 said the situation in the South China Sea was “generally stable,” while accusing the United States of using naval and air exercises, FONOPS, and close-in reconnaissance to carry out “militarization” of the South China Sea.

The Thayer Consultancy Background Briefs continued systematic coverage, noted in the previous issue of Comparative Connections, of the sequence of diplomatic notes submitted in the aftermath of Malaysia’s submission on its South China Sea claims on Dec. 12, 2019 to the UN Commission on the Limits of the Continental Shelf (CLCS). On May 26, Indonesia followed China, the Philippines, and Vietnam in submitting its diplomatic notes. China affirmed its claims and the two other claimants affirmed theirs in opposition to China. Indonesia also aligned against China. Jakarta asserted that Indonesia was not a party to the territorial disputes, the UNCLOS tribunal ruling confirmed Indonesia’s territorial claims regarding the South China Sea, and China’s nine-dash line implying historical rights that infringe on Indonesian sovereignty lacked international legal basis.

On June 1, the United States became the fifth country to weigh in against Chinese claims. Its diplomatic note reiterated previous US objections to China’s maritime claim and endorsed the UNCLOS tribunal’s finding rejecting Chinese historical rights. On July 23, Australia became the sixth country to submit a diplomatic note against China’s claims, providing the most detailed rejection of China’s claims to date. Low-key Chinese reaction saw the Chinese foreign ministry spokesperson on June 3 push back against US objections, reasserting China’s position that it acquired territorial sovereignty over the South China Sea through a long historical process and that Chinese maritime rights and interests were consistent with the UN Charter and UNCLOS. The spokesperson added that the United States was not a party to the disputes, and that its diplomatic and military interference undermined peace and stability in the South China Sea. A China Daily editorial on July 28 warned that Australia “jumping on the US bandwagon and meddling in the South China Sea disputes” would damage its relations with China and the broader region.

In a related development, the Chairman’s statement of the 36th ASEAN Summit of June 26, 2020 as usual had two paragraphs devoted to the South China Sea and as usual they did not mention China or its actions there. But this year’s statement was seen to undercut Chinese territorial claims based on historical process by asserting that the 1982 UNCLOS is the basis for determining maritime rights and governing “all activities” in the oceans and seas.

Though official comment remained moderate, Chinese specialists raised alarm in unofficial outlets about perceived growing South China Sea tensions caused by the United States. A June 23 commentary in Global Times by a member of a team at the National Institute for South China Seas Studies—which published a major report on US military presence in the Asia-Pacific that month—noted that “many scholars” are discussing whether large-scale military conflicts between China and the US will break out in the Asia-Pacific region, and argued that the main determinant of conflict will be the attitudes of “US hawks” toward China. Peking University’s newly formed South China Sea Probing Initiative was busy tracking more active US reconnaissance, FONOPS, and military exercises, asserting that the US military was responsible for growing tensions in the South China Sea. The defense ministry spokesperson’s comments at the monthly press conference on June 24 gave unusual attention to the South China Sea, charging the US with self-serving efforts to use stepped-up military activity, diplomatic interventions, and slanderous statements against China to raise tensions over the South China Sea.

China’s Reaction to US Military and Diplomatic Interventions

The main US military exercises featured in Chinese and regional commentary involved three aircraft carriers—the USS Theodore Roosevelt, USS Nimitz, and USS Ronald Reagan—
and supporting warships in their respective strike groups. The *Roosevelt* and the *Nimitz* held joint exercises in the Philippines Sea on June 21. The *Nimitz* and the *Reagan* then combined to form a strike force for operations in the South China Sea on July 4–7; and they returned for another round of operations in the South China Sea on July 17. The exercises also were notable for involving long-range US B-52 and B-1 bombers. On July 20 the *Nimitz* was exercising with Indian forces in the Bay of Bengal at the mouth of the strategic Malacca Strait, and on July 21–23 the *Reagan* exercised in the Philippines Sea with Japanese forces and a large contingent of warships from Australia. Such unprecedented US military muscle-flexing was seen in Chinese commentary as providing the background for the Pompeo and Stilwell statements of July 13 and 14 focused on Beijing’s reaction to the State Department in the face of US disruptive behavior.

Beijing’s reaction to the State Department statements of July 13 and 14 focused on Pompeo’s July 13 remarks. The foreign ministry spokespersons and official media were measured in rebutting Pompeo’s arguments against China and its territorial claims and then weighed in against the United States for attempting to create “nothing but chaos” in the South China Sea. The foreign ministry, the Chinese embassy in the United States, and official Chinese media labeled the United States as a troublemaker with commentary predicting that China–regional cooperation involving the Code of Conduct negotiations, growing trade and investment, and common efforts against COVID 19 would offset US efforts. *The People’s Daily* reported positively about the results of meetings between senior officials held by video link July 21–22. The report focused on the above areas of cooperation while avoiding reference to US disruption and South China Sea disputes. The meetings involved ASEAN and all its dialogue partners and others involved in various multilateral groups convened by ASEAN, notably the ASEAN Regional Forum and the East Asia Summit. At the monthly press briefing on July 30, China’s defense ministry was sharply critical of the US “hegemonic mentality” in the South China Sea, and official media said the defense minister addressed South China Sea issues in a phone conversation with Defense Secretary Mark Esper on Aug. 6.

China also held live fire exercises near the Paracel Islands on July 1–5, which the US Department of Defense, the Philippines foreign and defense ministers, and the Vietnamese foreign ministry criticized. In early August, both Wang Yi and China’s most senior foreign policy official, Politburo member Yang Jiechi, addressed broader problems involved in the sharp decline in US–Chinese relations, with Wang prominently discussing South China Sea issues and the more senior Yang, like his superiors Xi Jinping and Li Keqiang, avoiding comment on the South China Sea disagreements. Wang responded to a question specifically asking whether military tension in the South China Sea would lead to US–China “conflicts.” Wang avoided answering the question while condemning US behavior undermining regional stability and peace. Chinese specialists writing in non-official outlets were much more direct in warning of the dangers of a US–China military clash. Reasons offered included conflict started by regional states, backed by the US, taking steps to expand territorial holdings at China’s expense, and clashes between the US and Chinese military forces that have recently encountered each other in the region “several times” daily and “thousands of times” annually, according to Hu Bo of the South China Sea Strategic Probing Initiative. Zhu Feng of Nanjing University’s South China Sea center argued that the South China Sea and Taiwan situations showed “great tension” caused by US military and diplomatic
interventions that could result in military conflict. He strongly urged the two powers to establish and use actively military dialogues as “soon as possible” to guard against misjudgment and accidental friction and collision that may cause armed conflicts.

In diplomatic outreach to the region following Pompeo’s statement, Wang Yi criticized US troublemaking in a phone conversation with the Philippines foreign minister and in video talks with Vietnam’s foreign minister. Xi spoke by phone with leaders of Thailand and Singapore and Li Keqiang had a videoconference with his Laotian counterpart.

The regional response to the US initiative was muted. The Philippines foreign minister marked the anniversary of the July 12, 2016 UNCLOS tribunal ruling against China’s claims by criticizing illegal Chinese practices and the need for compliance. The Philippines defense minister also called on China to comply with the tribunal ruling. The Philippines presidential office was more cautious, stressing that Manila sought to develop relations with China while continuing to “agree to disagree” on the South China Sea. Other regional reactions included Indonesia’s bland statement that any country’s support for Indonesian rights in the South China Sea is “normal.” Vietnam’s foreign ministry spokesperson said Vietnam welcomed any views on the South China Sea that were in accordance with international law.

ASEAN underlined a neutral stance in the US-China dispute over the South China Sea in a statement on Aug. 8 marking the 53rd anniversary of ASEAN’s founding. The ASEAN foreign ministers called on all countries to exercise self-restraint, refrain from the threat or use of force, and resolve differences and disputes by peaceful means in accordance with international law. They underlined the importance of the ASEAN-led East Asia summit and its principles of mutually beneficial relations. They sought to affirm ASEAN’s centrality and encourage moderate behavior by the United States and China in dealing with their differences. Official Chinese media highlighted the statement positively, arguing that China’s growing economic importance to Southeast Asia added to reasons for even South China Sea claimants in ASEAN to avoid aligning against China.

In reaction to the official Chinese media call to “take countermeasures against the US provocations,” the Chinese military in the last week of August conducted two sets of military exercises in the South China Sea along with other exercises in waters further north in the East China Sea and the Bohai Sea. The Defense Department on Aug. 27 condemned the exercises in the South China Sea, particularly China’s launching of reportedly four intermediate-range ballistic missiles designed to destroy naval targets including aircraft carriers. It asserted the missile tests undermined regional stability and Beijing’s commitment to ASEAN under the 2002 Declaration on the Conduct of Parties in the South China Sea to avoid activities that would complicate or escalate disputes and affect peace and stability. While avoiding comment on the missile firings, the Chinese Defense Ministry spokesperson at the monthly press briefing on Aug. 27 condemned continued US provocations, that propelled China-US relations to “an extremely severe and complicated situation.”

Other actions taken by regional governments related to US-China and other disputes over the South China Sea included:

**The Philippines:** Manila on June 2 seemed to rebalance toward the US in the US-China rivalry by suspending the pending decision to abrogate the Visiting Forces Agreement with Washington. Ending the agreement would have seriously weakened US military interaction with Philippines armed forces. The engagement between the two militaries has remained active, even though President Rodrigo Duterte sharply criticizes the United States and favors Beijing. Several days later, the defense minister made a widely publicized visit to a Philippine-occupied island within the scope of China’s broad South China Sea claim to open a beach ramp that will allow for offloading equipment for construction and repair of facilities, including an airstrip and military barracks. On July 3 came a five-minute video by the Philippines foreign minister protesting Chinese exercises in early July near the Paracel Islands and warning of “the severest response” if the drills spill over into Philippines-claimed territory. On Aug. 26, the Philippines foreign minister criticized China following an Aug. 20 government protest after the Chinese coast guard confiscated the equipment of Philippine fishermen in the disputed Scarborough Shoal and repeated Chinese military challenges to patrolling
Philippine aircraft over the Chinese claimed South China Sea.

For his part, Duterte sought Chinese support in providing vaccines to help counter surging coronavirus infections in the Philippines. The president went off script in his long state of the nation address in late July to respond to criticisms that his government had not done enough to assert the Philippines’ South China Sea claims against China. As he said in the past, Duterte asserted that the Philippines was unable to counter China. “China is claiming it. We are claiming it. China has the arms. We do not have it. So, it’s as simple as that. They are in possession of the property, so what can we do?” Along these lines and in seeming contrast with the foreign minister’s criticism of China in August, the presidential office spokesperson said that the unresolved territorial issue will not be a hindrance in developing closer economic and other ties with China. Also in August, official Chinese commentary noted with approval the defense minister’s announcement that the Philippines would not join US–led military exercises in the South China Sea.

Vietnam: Vietnam in May rejected China’s annual fishing ban in the South China Sea. When a Chinese coast guard ship rammed and seriously damaged a Vietnamese fishing boat in June the Vietnamese Fisheries Society protested and the foreign ministry demanded an investigation. Against this background and the earlier Chinese coast guard ramming and sinking of a Vietnamese fishing boat in April, Vietnam on July 22 signed a memorandum of understanding with the US government to improve Vietnam's fisheries management and law enforcement capabilities.

Meanwhile, Thayer Consultancy Background Briefs interpreted as Vietnamese acquiescence to Chinese intimidation the agreement in June by the foreign oil exploration firm Repsol to transfer to Vietnam the company's exploration interests in three exploration blocks in Vietnam’s EEZ. Because of Chinese harassment, Repsol exploration in the blocks was halted by Vietnam in 2017 and 2018. There has been no Vietnamese commercial oil exploration in these blocks since then. The Consultancy offered a similar interpretation for Vietnam’s decision in July to cancel a contract for a foreign drilling rig to work in the Vanguard Bank, also within China’s South China Sea claim. The rig was in Vietnamese waters and ready to start work when the Vietnamese government decided to cancel the contract and make a termination payment.

Malaysia: Rising US–China tensions in the South China Sea saw Malaysia adopt carefully balanced positions despite Chinese harassment of oil exploration activities in Malaysian-claimed waters disputed by China. When the US deployed warships to the area where Chinese ships were intimidating Malaysian ships exploring for oil in April, the Malaysian foreign minister didn’t take sides, tried to defuse the situation, and stressed the need to avoid unintended incidents. The foreign minister said on Aug. 5 that “I do not want Malaysia to be dragged and trapped in a geopolitical tussle between superpowers.” But Malaysia continued to defend its claims in the South China Sea and affirm that China’s counterclaims have no basis under international law in a diplomatic note to the UN Commission on the Limits of the Continental Shelf (CLCS) on July 29.

China–ASEAN COVID and Economic Cooperation

Notwithstanding tensions in the South China Sea and increasing uncertainty over the global pandemic, business, trade, and economic ties between ASEAN and China expanded over the first seven months of 2020. News reports cited China’s trade with ASEAN reaching $362 billion through July 2020, growth of nearly 7% from last year. China–Vietnam trade increased by 18 percent in the first half of this year alone, making it the strongest bilateral trading partnership in ASEAN–China relations.

A decade after the signing of the China–ASEAN Free Trade Area (CAFTA) agreement, trade in goods and services within the region has steadily expanded. China’s Ministry of Commerce noted that ASEAN–China trade amounted to over $600 billion in 2019, a 12-fold increase over regional trade volume in the early 2000s. The deepening integration of industrial and value chains and reduction of tariffs on over 7,000 products have improved trade ties. While the global pandemic may have shifted demand in the West for goods from Asia, consumption of goods and services remained relatively robust within the region.

The Belt and Road Initiative and the Lancang-Mekong Cooperation are two additional platforms that China is spearheading and working with Southeast Asian countries to
minimize the pandemic's impact on regional economies. At the third Lancang–Mekong Cooperation Leaders' Meeting in August, for instance, Chinese Premier Li Keqiang established a special fund for upgrading regional public health collaboration and for sharing clinical data on COVID–19 and public health emergencies. The Chinese government also indicated it will give priority to providing COVID–19 vaccines to the Mekong River countries.

Figure 3 Premier Li Keqiang attends the third Lancang-Mekong Cooperation Leaders’ Meeting conducted virtually. Photo: Xinhua

The extent to which increasing economic interdependence would yield warmer political, security, and diplomatic ties between ASEAN and China remains to be seen. An extensive report in Singapore's Straits Times noted that the region is still wary of China's activities in the maritime dispute. The US–China power play is a growing source of concern for ASEAN countries, with a general reluctance to pick sides or be caught in an intensifying strategic rivalry between Washington and Beijing. Former Indonesian Foreign Minister Marty Natalegawa penned an opinion piece in August urging ASEAN to navigate this challenge prudently and to do so with a clearer, collective voice to avert open conflict in the region.

Outlook

Heading the list of variables and uncertainties influencing China–US competition and reactions in Southeast Asia is the US presidential election. Candidate Joe Biden has a more nuanced approach to China than the Trump administration’s current hard line. And reelected President Trump may be prepared to moderate election-year posturing to ease tension and seek agreements with China. Yet, military tensions may escalate to confrontation. For its part, Beijing may be just as inclined to accommodate a newly elected or newly reelected US president as it is to toughen its posture to test the new or the reelected US leader.

China–Southeast Asia relations are expected to evolve as the next reporting period includes a number of key events. Vietnam, current chair of ASEAN, is eager to make tangible progress on Code of Conduct negotiations and would likely push for concrete results and progress in the next ASEAN and ASEAN–China regional summit in the second half of 2020. In particular, whether an agreement on the halting of further construction in the disputed islands or a ban on establishing unilateral air defense identification zones in the South China Sea would gain strong regional consensus merits continued observation. In November, regional leaders are also expected to conclude and sign the Regional Comprehensive Economic Partnership (RCEP). If passed and ratified, the agreement would facilitate regional trade amidst continued uncertainty as a result of the global pandemic.
CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2020

May 8, 2020: China announces a unilateral fishing ban from May 1 to Aug. 16 in the South China Sea (SCS), drawing criticism from Vietnam.

May 12, 2020: A Chinese survey ship and two coast guard vessels in the SCS leave the disputed waters after an oil exploration vessel contracted by Malaysian state energy company Petronas left the disputed waters earlier the same day.

May 28, 2020: Indonesia submits a diplomatic note to United Nations Secretary-General reiterating the validity of the UN Convention on the Law of the Sea (UNCLOS) and endorsing the 2016 ruling by the Permanent Court of Arbitration on the South China Sea.

June 4, 2020: Cambodian Prime Minister Hun Sen publicly denies claims that China has set up a military presence in the Ream Naval Base.

June 10, 2020: Chinese President Xi Jinping exchanges congratulatory messages with Philippine counterpart Rodrigo Duterte to celebrate the 45th anniversary of bilateral diplomatic ties. Xi says China is ready to promote closer political, economic, diplomatic, and cultural ties to new levels.

June 10, 2020: Philippine Defense Minister Delfin Lorenzana arrives on Thitu Island to launch a beaching ramp for construction of infrastructure on the disputed island reef in the SCS.

June 13, 2020: Vietnam protests the laying of undersea cables at the disputed Paracel Islands by China, citing the activity as a violation of Vietnam’s territorial sovereignty and a potential source of concern for militarizing the disputed islands in the South China Sea.

July 1, 2020: Chinese Premier Li Keqiang exchanges congratulatory messages with Thai counterpart Prayut Chan-o-cha on the 45th anniversary of bilateral diplomatic ties. The two leaders reaffirm the importance of Sino-Thai strategic partnership and of collaboration in containing COVID-19.

July 13, 2020: Trade and commerce officials from China and Myanmar hold an online planning meeting to discuss cross-border electronic commerce between China’s Yunnan province and Myanmar’s Mandalay region. The two sides emphasize the increasing importance of digital and mobile platforms for payments and retail trade in furthering bilateral business, economic, and trade ties.

Aug. 6, 2020: Vietnam lodges protests against China’s recent military drills near the Parcel and Spratly Islands in the South China Sea.

Aug. 8, 2020: ASEAN foreign ministers reiterate their call on all countries to refrain from the use of force and exercise self-restraint in the South China Sea.

Aug. 10, 2020: Myanmar’s government formally approves China’s strategic deep seaport project in the Rakhine State. The project is part of the China-Myanmar Economic Corridor and China’s Belt and Road Initiative and will, when complete, provide China with direct access to the Indian Ocean and allow it to bypass the Malacca Strait for oil and other imports.

Aug. 20, 2020: Yang Jiechi, member of China’s Politburo and director of the Chinese Communist Party’s Foreign Affairs Office, arrives in Singapore for a three-day visit and meets Singaporean Prime Minister Lee Hsien Loong. The two leaders discuss bilateral cooperation and the COVID-19 situation, as well as regional security and global developments. The two countries are keen to strengthen supply chain and cross-border connectivity to facilitate economic recovery amidst the global pandemic.
Aug. 24, 2020: The third Lancang–Mekong Cooperation Leaders’ Meeting convenes via videoconference. Chinese Premier Li co-chairs the meeting with Laotian counterpart Thongloun Sisoulith. At the meeting, China pledges to share water management data on the Mekong River, which would enable downstream countries to make plans and adjustments in the river’s flow for fishing and farming practices.

Aug. 26, 2020: Philippines’ Foreign Minister Teodoro Locsin indicates in a public interview that Manila will continue to patrol the Spratlys, ignoring warnings from China to stop “illegal provocations” in the disputed island chain.

Aug. 27, 2020: Regional trade ministers indicate that they are making significant progress to finalize the Regional Comprehensive Economic Partnership (RCEP), a sprawling trade agreement that spans 15 countries in the Asia-Pacific, including China and all 10-member states in ASEAN. The ministers are hopeful that the deal will be ready for signing at the summit of RCEP leaders in November.