

## *Chapter 4*

# **Vietnam and the South China Sea in the post-arbitral award period**

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### **Introduction**

The momentum created by the arbitration award of 12 July 2016 seems to be wane. Though winning the case, the Philippines under President Rodrigo Duterte deliberately shun away from making full use of the judges' decisions to court China for improving bilateral relations. At the same time, ASEAN as a group became less active and cohesive on the consolidation of its position with regard to the South China Sea issue. These new developments seem to have left Vietnam to the forefront, facing increased pressure from China in the South China Sea.

Despite the unfavourable ruling of the arbitral tribunal, China continues to cement its strategic footing through large-scale land reclamation and construction of dual-use facilities in the Paracels and Spratlys. Beijing changed its approach. While strengthening its foothold in the South China Sea, it gets more active in negotiating a code of conduct (COC) and promoting the Belt and Road Initiative. Amidst China's new wave of charm offensive, the smaller South China Sea claimants, including Vietnam, have faced a dilemma of whether to acquiesce to China's posture or stand up against it and suffer indefinable consequences.

The paper focuses on the case of Vietnam as a South China Sea claimant in the post-arbitral award phrase. The paper is structured into three major parts. First, it assesses the situation in the South China Sea from the Vietnamese perspective, identifying challenges and risks emanating from a new strategic landscape. Second, it discusses the security dilemma facing Vietnam at sea. Third, the paper reviews Vietnam's key measures and probes how Hanoi has adapted to the changing circumstances in the South China Sea.

### **Quietness Before Big Storms**

After the tribunal rendered the award denouncing China's claims and actions, tensions in the South China Sea gradually abated. China's focus seems to be on building civilian and military infrastructure on these artificial islands. No significant open clashes and

stands-off occurred since July 2016. According to one Vietnamese source, the number of fishing incidents involving Chinese law enforcement forces reportedly reduced from 73 in 2015 to 41 in 2016, and to just 7 in the first five months of 2017.<sup>1</sup> It is alleged that Chinese fishermen have also been less active in other countries' EEZ as compared to the period before the ruling. There are no reports about such significant provocative actions from China as what happened in the Scarborough Shoal incident in 2012 and the Haiyang Shiyou 981 crisis in mid-2014.<sup>2</sup> On the eastern front, the friction between Beijing and the Manila diverged because the Duterte Administration changed its approach, deliberately setting aside the arbitration ruling and giving priority to the improvement of its relations with China. In response to Duterte's overture, Beijing allowed the Filipino fishermen return to fish in the waters surrounding the Scarborough Shoal.<sup>3</sup>

Calmness in the South China Sea has largely been attributed to China's restraint after the publication of the ruling. Though strongly opposed to the ruling, China has behaved in a more moderate way at sea. Coincidentally, Beijing became more engaged diplomatically, politically and economically with Southeast Asia. Chinese leaders welcomed their Southeast Asian counterparts, particularly from Malaysia, Philippines and Vietnam, to Beijing. Since August 2016, China has proactively pushed for the completion of the framework of COC, as a way to show symbolic accommodation. However, the agreed COC framework, as revealed recently, is largely without specific principles or provisions. The major points of disagreement, such as the scope of application, the set of prohibitions, and the legal effect of the document, are yet put on the agenda.<sup>4</sup> At the same time, China seemingly launched a new round of "charm offensive," proposing a lucrative menu of the Belt and Road Initiative to lure governments in the Eurasian region. Instead of intimidation, China is now leveraging its economic power to silence its neighbours with regard to the tribunal ruling.<sup>5</sup>

China shifted its approach due to the convergence of several factors. First, by one way or another, the ruling has served as constraining factor on China. Despite having no enforcing mechanism, the ruling emboldens the moral stance of the smaller claimants,

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<sup>1</sup> Interview with an expert in Hanoi, March 2017.

<sup>2</sup> Bill Hayton, "China after the South China Sea Arbitration: Learning to live with UNCLOS?," *CPIAN Analysis*, 7 March 2017, retrieved at: <https://cpianalysis.org/2017/03/07/china-after-the-south-china-sea-arbitration-learning-to-live-with-unclos/>

<sup>3</sup> "China confirms allowing Philippine fishermen access to shoal," *Inquirer*, 01 November 2016.

<sup>4</sup> See Ian Storey, "Assessing the ASEAN-China framework for the Code of Conduct for the South China Sea," *Perspective*, No.62, 8 August 2017.

<sup>5</sup> China's battle for influence in its region, *The Economist*, 20 April 2017.

which may enjoy a better legal position to openly challenge perceived encroachments from China. Also, it would prompt other powers' stronger responses if China overtly defied the ruling. Second, Beijing was more cautious with uncertainties around the American foreign policy under Donald Trump. The US remains the world's strongest power capable of inflicting substantial damage to China economically and militarily. China's strategy is to use coercive measures sufficiently to subdue smaller claimants but not to provoke a confrontation with the US. Therefore, China needs time to probe President Donald Trump's "wild card." Third, as China is pushing its grand Belt and Road Initiative, it needs positive responses from neighbouring countries, especially the ASEAN claimants. All these instances indicate that China has adjusted its approach to the South China Sea issue toward more moderation, although tactical and temporary.

As the short-term risk of clashes recedes, the long-term challenge from China to other claimants remains because of a combination of three major factors. *First*, China's coercive capabilities have been bolstered across the South China Sea. In the absence of reported clashes and frictions, China accelerated the build-up of naval, air, radar and other military facilities on seven Spratly reefs and the Woody Island of the Paracels. According to a report by the Asia Maritime Transparency Initiative of the Washington-based Centre for Strategic and International Studies (CSIS), such facilities are ready to host military assets, including combat aircraft and mobile missile launchers.<sup>6</sup> A full deployment to the "Big Three" (Fiery Cross Reef, Mischief Reef, and Subi Reef) would amount to 3 regiments of warplanes.

Under the cover of "charm," China still resorted to coercive diplomacy to impose its own will under some circumstances, but in a more subtle way. In July 2017, without much fanfare, China reportedly sent two drilling platforms and a flotilla of forty ships as a show of force to demand Vietnam to halt its exploration in Block 136/03 in the Vanguard Bank.<sup>7</sup> In August, China was charged with deploying maritime militia, naval and law enforcement vessels around Philippine-controlled Thitu islet right after the two sides met to discuss prospect for joint development in the waters off the western Philippine island of Palawan.<sup>8</sup>

<sup>6</sup> China's Big Three near Completion, *AMTI*, 27 March 2017, retrieved at: <https://amti.csis.org/chinas-big-three-near-completion/>

<sup>7</sup> See Carlyle Thayer, "Is a new China-Vietnam maritime crisis brewing in the South China Sea?," *The Diplomat*, 29 June 2017, retrieved at: <http://thediplomat.com/2017/06/is-a-new-china-vietnam-maritime-crisis-brewing-in-the-south-china-sea/>; Bill Hayton, "Vietnam drills for oil in the South China Sea," *BBC*, 5 July 2017, retrieved at: <http://www.bbc.com/news/world-asia-40493277>

<sup>8</sup> Richard Heydarian, "Dual face tactics jettison Philippine detent," *Asia Times*, 17 August 2017.

*Second*, these outposts not only bolster China's firepower but also extend China's operational reach. China's permanent bases in the middle of the vast sea area have deprived Vietnam of the advantage of proximity to the Spratly theatre. The Pentagon's Annual Report to the US Congress about Military and Security Developments involving China indicates that China's air bases, ports, and logistic hubs would allow it to expand control over the airspace and maritime area in the entire South China Sea.<sup>9</sup> According to AMTI, surveillance and early-warning installations on Fiery Cross, Subi, and Cuarteron Reefs, and Woody Island also extend China's radar coverage over the same area.<sup>10</sup> China is also enabled to establish and enforce the Air Defense Identification Zone over the airspace of the sea at any time. Obviously, those outposts do not pose a big challenge to the US' Navy but represent a potent threat to smaller claimants.

*Third*, in spite of the arbitral ruling that ruled out any claim beyond the permits of UNCLOS, there are no signs that China would abandon or align its expansive nine-dash line claim to the spirits and letters of UNCLOS. China recently protested Vietnam's Exxon Mobil deal over the Blue Whales field and its exploration in Block 136/03, which both are situated within Vietnam's legitimate continental shelf but also within China's nine-dash line. In June 2011, two Chinese vessels escorted by Chinese fishery administration vessels severed the survey cable of the Vietnamese exploration ship Viking II in the same area.<sup>11</sup> These events are indicative of China's insistence on the nine-dash line claim and its willingness to resort to coercion to get its message through.

Of equal importance, despite its efforts to assure others about a calmer situation at sea and progress in the negotiation of the COC framework, Beijing continued the naval built-up. In April 2017, China inaugurated its first domestically built aircraft carrier. In June 2017, Chinese Navy reportedly launched a domestically built 10,000-tonne destroyer, which was boasted as the most powerful one in Asia. It is reported that Chinese surface force will expand significantly with the PLA Navy's order of 18 ships of various types in 2016.<sup>12</sup> A Pentagon report said that PLA Navy's underwater force would go from 63 vessels now to between 69 and 78 submarines.<sup>13</sup> At the very same time, Chinese fleets have been more active in drills and exercises in the South China Sea.

<sup>9</sup> See US Department of Defense, Military and Security Developments involving the People's Republic of China, *Annual Report to Congress*, 2017.

<sup>10</sup> China's Big Three near Completion, *AMTI*.

<sup>11</sup> "China asked to stop harassing Vietnam's ship," *Nhan Dan*, 06 October 2011, retrieved at: <http://en.nhandan.com.vn/politics/external-relations/item/1699602-.html>

<sup>12</sup> Michael Martina, "China launches new class of naval destroyer," *Reuters*, 28 June 2017.

<sup>13</sup> Bill Gertz, "Pentagon report highlights Chinese submarine buildup," *Asia Times*, 20 June 2017.

*Fourth*, China maintained ambiguity in its claims and continued complicating the situation by introducing domestic legal instruments to extend domestic jurisdictions over all seas under its control. In March 2017, the Supreme People's Court of China ruled that Chinese jurisdiction was not only applied to "inland waters and territorial seas, but also to contiguous zones, exclusive economic zones, continental shelves, and *other sea areas under China's jurisdiction*."<sup>14</sup> Chinese authorities never bother to clarify where "other sea areas under China's jurisdiction" are. Such a vague extension of domestic jurisdiction clearly creates the ground for Chinese domestic law enforcement agencies, the so-called *dragons*, to act arbitrarily, threatening to hamper freedom of navigation and the legitimate maritime rights of other countries. This bode ill for the stability of the South China Sea.

### **Between Rock and Hard Place**

Since the 2014 Haiyang Shiyou 981 crisis, Vietnam has actively pursued a range of measures to stabilise its relations with China and calm the situation in the South China Sea. After just one year, the bilateral relations were back to the pre-2014 level. Rationality and pragmatism underpin Vietnam's approach to its relations with China. Vietnam prioritises the policy objective to maintain "stable and peaceful environment" to concentrate resources on national development.

At the same time, Vietnam has a vested interest in maintaining a rule-based order in the South China Sea, which is critical to its national security and development. Vietnam is determined to protect its sovereignty and advance its rights and legitimate interests under UNCLOS. In this context, Vietnam unswervingly expressed support of the Philippines-initiated arbitration and objection to China's nine-dash line, a claim regarded as incompatible with UNCLOS.<sup>15</sup>

However, changing strategic seascape in the South China Sea is putting Vietnam in a predicament. In the absence of effective mechanisms to handle incidents, the cycle of actions and reactions would result in prolonged stand-offs and hostility with a spillover effect on other sectors of the relationship, which is also vulnerable to Vietnam's economic overdependence on China and US-China rivalry.

Against that backdrop, the Political Report adopted by the 12th National Congress

<sup>14</sup> "China's maritime jurisdiction extends to cover all jurisdictional seas," *Xinhua*, 12 March 2017.

<sup>15</sup> "Pho Thu Tuong Pham Binh Minh tra loi phong van bao chi," *Bao Chinh Phu*, 06 January 2017, retrieved at: <http://baochinhphu.vn/Doi-ngoai/Pho-Thu-tuong-Pham-Binh-Minh-tra-loi-phong-van-bao-chi/296130.vgp>

of the Communist Party of Vietnam (CPV) in January 2016 set key guidelines for national defense and development for the period of 2016-2021 with an emphasis on two important but inseparable foreign policy goals, namely “defending the fatherland and preserving peaceful and stable environment.” In this connection, for the first time, the CPV’s highest decision-making body introduced the principle of “persistence and patience” [*kiền quyết, kiên trì*] in defending independence, sovereignty, and territorial integrity by peaceful means.<sup>16</sup> In other words, the government is instructed to avoid “hastiness and spontaneity” and to make full use of all peaceful and legal means, all channels and all methods possible to resolve differences.<sup>17</sup> This doctrine is developed on the understanding that the South China Sea problem is “historically deep-seated and is in no way to be resolved overnight.”<sup>18</sup> Together, the Congress also codifies diplomacy as the first line of defense, requiring greater activism in preventing the eruption of wars and reducing the possibility of conflicts through engagements.<sup>19</sup> In addition to this, the concept and practice of crisis management have informed Hanoi’s policy with regard to the South China Sea dispute.

## Defense by Other Means

### *Engagements*

The practice of “diplomacy as the first line of defense” is not new to Vietnam. As early as 1986, the 6th National Party Congress put forward the idea of “gaining more friends and fewer enemies.”<sup>20</sup> Foreign Minister Nguyen Co Thach was the key architect of the 13th Politburo Resolution of May 1988, which advocated “a strong economy, just-enough national defense capability, and expanded international relations” as the key avenue to secure the nation.<sup>21</sup>

<sup>16</sup> Political Documents of the 12th National Party Congress, Office of the Central Committee, Hanoi, 2016, pp. 145-46.

<sup>17</sup> Quoted in Khang dinh vai tro chu cong cua doi ngoai trong su nghiep bao ve To quoc, *The gioi và Viet Nam*, 23 August 2016, retrieved at: <http://baoquocte.vn/khang-dinh-vai-tro-chu-cong-cua-doi-ngoai-trong-su-nghiep-bao-ve-to-quoc-34834.html>

<sup>18</sup> Pho Thu Tuong Pham Binh Minh tra loi phong van bao chi.

<sup>19</sup> Political Documents of the 12th National Party Congress, p. 149.

<sup>20</sup> Huynh Phan & Lan Anh, “Thuc hu quan diem cua ong Nguyen Co Thach ve Trung Quoc,” *Tuan Viet Nam*, 25 August 2016.

<sup>21</sup> Quoted in Nguyen Vu Tung, Vietnam’s Security Challenges: Hanoi’s New Approach to National Security and Implications to Defense and Foreign Policies, In: Eiichi Katahara (Ed), *Asia Pacific Countries’ Security Outlook and Its Implications for the Defense Sector*, Tokyo: NIDS Joint Research Series No.5, 2010, p. 108.

In light of this thinking, since the end of the Cold War, Hanoi has elevated the rank of diplomacy in its national security policy, actively pursuing rapprochement with old enemies and diversification of foreign relations [*đa phương hoá, đa dạng hoá*] to repel the danger of armed conflicts and wars. Vietnam actively expanded cooperation with its neighbouring countries while getting engaged in multiple negotiations to seek a resolution to the disputes and mechanisms to manage disagreements in a way to prevent escalation of tensions. The National Defense White Paper of 2009 stated:

Vietnam advocates implementing the national defense strategy through a spectrum of political, economic, diplomatic, socio-cultural and military activities aimed at eradicating the causes of armed conflicts and wars.<sup>22</sup>

The same approach applied to Vietnam's defense in the South China Sea. Vietnam's first line of defense in the maritime domain has been built on three layers. The first one includes a range of Vietnam's party-to-party and state-to-state bilateral talks with China, which aim to manage crisis and address the causes of conflicts. The web of bilateral engagement was initiated at the end of the Cold War and thickened throughout time. The two sides have maintained high-level dialogue, which provides guidelines and directions for managing the relations in general and the South China Sea in particular. In 2011, during the visit of Vietnam's Secretary General Nguyen Phu Trong to Beijing, the two sides signed the Agreement on Basic Principles guiding the settlement of the sea issues.<sup>23</sup> Since July 2016, Vietnam's high-ranking officials, the Prime Minister, Secretary General and State President, paid official visits to China in October 2016 and January 2017 and May 2017 respectively. Chinese President Xi Jinping visited Vietnam in November 2015 and is expected to come to Vietnam in November 2017.

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<sup>22</sup> Vietnam Ministry of Defense, *White Paper on National Defense*, Hanoi, December 2009.

<sup>23</sup> The agreement is composed of six paragraphs, which places emphasis on (i) persistently pursuing friendly talks and negotiations to properly settle sea-related issues; (ii) making efforts to seek basic and long-term solutions acceptable to both sides for sea-related disputes on the basis of a legal regime and principles defined by international law, including the 1982 UN Convention on the Law of the Sea; (iii) solving disputes between Vietnam and China through bilateral friendly talks and negotiations while settling disputes relating to other countries shall be settled through negotiations with other concerned parties; (iv) pending basic and long-term solutions, looking for transitional and temporary measures that do not affect the stances and policies of the two sides; (v) addressing sea-related issues in succession and progress with easy issues first and difficult issues later; (vi) conducting periodical meetings between heads of government-level border negotiation delegations to review progress. See more at "Vietnam-China Joint Press Release," *Vietnam News Agency*, 26 June 2011.

A joint governmental committee was established in 2008 to oversee official relations. Three joint task forces currently work on three topics: (i) the delimitation of the area immediately beyond the Gulf of Tonkin, (ii) joint-development in this area, and (iii) maritime cooperation on the less-sensitive areas, including environmental protection, scientific research, search and rescue, disaster prevention and relief and so on. Though no substantive progress has been made in terms of sovereignty and maritime disputes in the South China Sea proper, these institutionalised dialogues work as mechanisms to avoid a security dilemma and valves to defuse tensions if necessary.

The second layer refers to ASEAN-led multilateral forums, which serve as essential platforms for Vietnam and other claimants to engage China. Since 1996, ASEAN started negotiating a code of conduct (COC) for the South China Sea region. In 2002, ASEAN and China signed the Declaration on the Conduct of the Parties in the South China Sea (DOC), which is a set of political commitments to self-restraint and the pacific settlements in the disputes. In 2012, the two sides reached an agreement on the Guidelines to Implement the DOC. Currently, ASEAN and China hold two tracks of consultation, one on the implementation of the DOC, and the other on the formulation of the COC.

Since the arbitral ruling of July 2017, China has been more committed to pushing the COC consultation. Beijing seemingly wanted to show some tangible outcomes as a way to delegitimise criticisms on China and prevent other powers' interventions. In May 2017, the completion of the COC framework was announced and three months later, ASEAN and China approved such a framework. However, region observers expressed doubt over the circulated draft, which provides no substantive terms and provisions.<sup>24</sup> Still, Vietnam and other ASEAN claimants are committed to the DOC and COC processes with hope to incrementally put in place elements of a viable set of rules and mechanisms to properly manage and facilitate the resolution of the disputes.

The third layer refers to Vietnam's web of dozens of comprehensive partnerships and strategic partnerships, which help to consolidate Vietnam's position in the dispute. Vietnam is committed to a "three nos" defense posture, namely no alliance, no foreign military base on its soil, and no siding up with one country against another. However, this policy does not prevent Vietnam from expanding defense cooperation with major

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<sup>24</sup> Read the views of Ha Anh Tuan, Richard Heydarian, Evan Laksmiana and Ian Storey on the agreed COC framework at: "A South China Sea Code of Conduct: A hopeful reality or a hopeless falsity," *Maritime Issues*, 28 July 2017. Retrieved at: <http://www.maritimeissues.com/expert-interview/a-south-china-sea-code-of-conduct-a-hopeful-reality-or-a-hopeless-falsity.html>

countries to address regional security concerns and seek additional resources for bolstering national security and development. As former deputy prime minister Vu Khoan explained, these partnerships are helpful in strengthening Vietnam's international stance, supporting Vietnam's position in international forums, increasing mutual interdependence with multiple countries as a way to bolster independence, and paving the way for greater economic cooperation to strengthen Vietnam itself.<sup>25</sup>

As China is boosting its strategic presence in the South China Sea, Vietnam sees a greater need in cooperating with other partners in the military and security affairs. It is manifested in the elevation of political, security, and mil-to-mil cooperation in the joint statements issued after the visit of Vietnam's Prime Minister Nguyen Xuan Phuc to Washington and Tokyo in May and June 2017 respectively.<sup>26</sup> Significantly, Hanoi allowed the visit of US aircraft carrier to Vietnam in 2018, the first time an American carrier will dock in the country since the country's reunification in 1975.

### *Self-Defense Lifebuoy*

Vietnam's second line of defense in the maritime front rests with its navy and coastguard development. In December 2006, Hanoi sought to acquire two newly built Gepard-class frigates armed with guided anti-ship missiles with total value of US\$300 million.<sup>27</sup> In 2008, it inked a US\$600 million deal for several shipbuilding kits. In early 2009, it was reported that Vietnam agreed to buy six diesel-electric Project 636 Kilo-class submarines armed with Novator Club-S (SS-N-27) cruise anti-ship missiles, which was effective within a range of 300 kilometres. The end of 2009 witnessed the confirmation of the order, the value of which amounted to US\$3.2 billion to include both Russian-built armaments and maintenance facilities at Cam Ranh Bay.<sup>28</sup> At the same time, Vietnam also acquired US\$500 million order for 8 Su-30 MK2 warplanes (first reported as 12), delivered in 2011.<sup>29</sup> In 2010, Vietnam decided to acquire a batch of 12 more Su-30MK2. In August 2013, Vietnam placed an order for another batch of 12 Su-30MK2 multirole

<sup>25</sup> H. Phan, "Viet-Trung: Song gio chang loi cho ai," *Vietnamnet*, 20 December 2013.

<sup>26</sup> See Joint Statement for Enhancing the Comprehensive Partnership between the United States of America and the Socialist Republic of Vietnam, 31 May 2017, and Joint Statement on Vietnam-Japan extensive strategic partnership, 6 June 2017.

<sup>27</sup> I. Zarembo, "Russia floats out second Gepard class frigate for Vietnam," *RIA Novosti*, 16 March 2010, retrieved at: [http://en.ria.ru/military\\_news/20100316/158215375.html](http://en.ria.ru/military_news/20100316/158215375.html)

<sup>28</sup> C. A. Thayer, "Russian Subs in Vietnam," *USNI News*, 20 August 2012.

<sup>29</sup> I. Timberlake, "Vietnam aims to counter China with sub deal: analysts," *AFP*, 17 December 2009.

fighter aircraft, raising its SU-30MK numbers to 48.<sup>30</sup> In 2014, Vietnam reportedly placed an order for 2 more Gepard Class armed with anti-submarine warfare, Palma air defense, and CIWS system.<sup>31</sup> Given its economic constraints, such big price-tag acquisitions indicated Vietnam's increased concerns about the developments in the maritime domain.

It should be noted that Hanoi gradually diversified its armament suppliers. Since 2010, the Vietnamese have reached out beyond its traditional partners (Russia and Eastern European countries) to look for advanced platforms and weapons. In May 2010, Canadian Viking Air of Victoria signed a contract to provide Vietnam with six amphibious DHC-6 Twin Otter Series 400 aircraft, which was supposed to form the first air arms of the Vietnam People's Navy and was used for maritime patrol.<sup>32</sup> In the same month, Vietnam was reportedly near a deal to upgrade its missile capability with Extended Range Artillery Munitions (EXTRA) from Israel. The EXTRA rockets, which can carry a warhead of 125 kg and has a range of 150 kilometres with high precision, can be launched from multiple platforms.<sup>33</sup> In late 2011, Vietnam was reportedly negotiating to procure up to four SIGMA frigates from the Netherlands and P-3ASW aircraft from the United States.<sup>34</sup> In May 2016, the Obama administration announced the full removal of the decades-long arms embargo against Vietnam, opening up the opportunities to acquire American systems, such as F-16 and P-3 airplanes and other lethal weapons.<sup>35</sup> Diversification of weapon system, therefore, helps to boost the credibility of Vietnam's deterrence capabilities.

Vietnam also invested heavily in coastguard and fishing administration forces. They are increasingly seen as being in the forefront to protect the vast swathe of the country's Exclusive Economic Zones. Their key challenge was China's overwhelmed flotilla of maritime militia and law enforcement vessels, which were deployed to establish de

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<sup>30</sup> J. Grevatt, "Vietnam signs deal with Russia to procure Su-30MK2s," *IHS Jane's Defence Industry*, 21 August 2013.

<sup>31</sup> "Vietnam's Restocking: Subs, Ships, Sukhois, and new Perhaps F-16s and P-3s," *The Defense Industry Daily*, 02 May 2017.

<sup>32</sup> "Vietnamese Navy Orders DH-6 Twin-Otter 400s," *Defence Industry Daily*, 08 September 2013. Retrieved at: <http://www.defenseindustrydaily.com/vietnamese-navy-orders-dhc-6-twin-otter-400s-06373>

<sup>33</sup> R. Karniol, "Vietnam bolstering Spratly firepower," *Straits Times*, 10 May 2010.

<sup>34</sup> "Viet Nam dam phan mua 4 tau chien cua Ha Lan," *BBC Tieng Viet*, 18 October 2011. Retrieved at: [http://www.bbc.co.uk/vietnamese/vietnam/2011/10/111018\\_sigma\\_corvettes.shtml](http://www.bbc.co.uk/vietnamese/vietnam/2011/10/111018_sigma_corvettes.shtml)

<sup>35</sup> Wendell Minnick, "Vietnam may request F-16s, P-3 Orions from US," *Defense News*, 25 May 2016. Retrieved at: <http://www.defensenews.com/story/defense/international/asia-pacific/2016/05/25/vietnam-may-request-f-16s-p-3-orions-us/84904786/>

facto control of the sea arena within the nine-dash line. In 2013, Vietnam upgraded its Maritime Police to Coastguard with an improved system of command. Bureau of Marine Police was elevated to Coast Guard Command. From a cohort of small and obsolete vessels of 120-ton, Vietnam Coast Guard has become a formation of sturdy fleets with stronger ships up to 2900-tons and modern patrol aircraft CASA C-212. Most importantly, Vietnam Coast Guard serviced four 2000-ton DN-2000 offshore patrol vessels built domestically with technical support of Dutch Damen Group.<sup>36</sup> More vessels with greater capacity and displacement are being built. The Coast Guard has also been reinforced with the service of Japan and US-provided vessels. Recently, Vietnam received 6 Japan-made vessels and took delivery of its largest ever vessel, US-made Hamilton-class cutter.<sup>37</sup> The case of Haiyang Shiyou crisis presented in the following section indicates that Vietnam is capable of resisting China's "grey-zone coercion." Still, it requires a lot more capacity to meet the demand for patrolling the huge maritime corridor along the country's coast.

### *Standing firm but no firing the first shot*

Handling the sea incidents without significant detriment to the overall relationship with China requires a great deal of patience and persistence. In May 2014, Beijing deployed China-made giant oil rig Haiyang Shiyou 981 (HYSY 981), accompanied by dozens of ships, in the vicinity of the disputed Paracels, but just 120 nautical miles from the Vietnamese shore. The installation of the rig took place at the heel of Chinese Prime Minister Li Keqiang visited Hanoi in November 2013 and right after President Obama finished his visit to four Asian countries in late April 2014.<sup>38</sup>

China's move was a clear test to Hanoi's resolve. Notably, Washington was preoccupied with the Ukrainian political crisis and Russia's takeover of Crimea.<sup>39</sup> According to Dingding Chen, China acted on the belief that Vietnam, too much dependent on China economically, was helpless.<sup>40</sup> It was also speculated that China attempted to create a

<sup>36</sup> Nguyen The Phuong and Truong Minh Vu, "Vietnam Coast Guard: Challenges and Prospects of Development," *Asia Maritime Transparency Initiative*, 2 January 2017. Retrieved at: <https://amti.csis.org/vietnam-coast-guard-challenges-prospects/>

<sup>37</sup> Ridzwan Rahmat, "Vietnam receives Hamilton-class cutter from Coast Guard," *IHS Jane's Navy International*, 30 May 2017.

<sup>38</sup> Carlyle A. Thayer, "China's oil rig gamebit: South China Sea game-changer?," *The Diplomat*, 12 May 2014.

<sup>39</sup> Earnest. Z. Bower and G. B. Poling, "China-Vietnam tensions high over drilling rig in disputed waters," *Centre for Strategic & International Studies (CSIS)*, 7 May 2014.

<sup>40</sup> Ding Chen, "China's deployment of oil rig is not a strategic mistake," *The Diplomat*, 20 May 2014.

diversion to draw international attention away from China's game-changing move of massive land reclamation in the Spratly area.<sup>41</sup> The only sure thing is that this action was not an initiative by the Hainan authority or any single agency. Such an operation, characterized by large-scale interagency coordination, must have been approved by Beijing.

Hanoi protested the deployment of the oil rig as a "grave violation of Vietnam's sovereignty over the Paracels and its sovereign and jurisdictional rights over the country's lawful EEZ and continental shelf."<sup>42</sup> It deployed its law enforcement vessels to confront the cordon of Chinese ships. That started nearly two months of the most dangerous confrontation between Chinese and Vietnamese law enforcement vessels in this area and an intense diplomatic row between Hanoi and Beijing since normalisation of relations in 1991.<sup>43</sup> It should be noted that it was not the first time China sent an oil rig to Vietnam's waters. China deployed rigs in the maritime zones Vietnam claimed in 1997 and 2004. However, the HYSY 981 was different in a number of ways. First, it was prominent in the number of involved ships and the degree of physical violence. Chinese vessels, which are grander in terms of size, sturdiness, and gear, reportedly deliberately bumped into and fired high-pressure water cannons on Vietnamese vessels. Reportedly, one Vietnamese ship was sunk and dozens were severely damaged. Second, the face-off spawned a strong anti-China emotion in Vietnam, which then turned into sweeping demonstrations and deadly riots in several localities in Vietnam. Hundreds of foreign plants, mistaken as Chinese ones, were shattered, and at least four Chinese nationals reportedly killed.<sup>44</sup>

Yet, Hanoi carefully handled the case, gradually escalating defiance to the level sufficient to roll back China. Vietnam's perseverance mattered. Hanoi sent most of its coast guard vessels day and night to confront the overwhelming Chinese fleet. However, the Vietnam People's Navy kept its warships either onshore or away from the area to avoid escalation to armed conflicts. The Vietnamese clearly exercise utmost restraint, avoiding any excuse for China to utilise military power. Vietnamese officials patiently asked for talks with their Chinese counterparts, though requests were consistently rejected.<sup>45</sup> Four hotlines between Hanoi and Beijing apparently turned dead when they

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<sup>41</sup> Do Thanh Hai, "S China Sea: The beginning of Chinese rule," *Today*, 12 June 2015.

<sup>42</sup> "Yeu cau Trung Quoc rut ngay gian khoan HD-981 cung cac tau khoi them luc dia Viet Nam," *Nhan Dan*, 8 May 2014.

<sup>43</sup> B. Spegele and V. T. Khanh, "China moves oil rig from contested waters," *The Wall Street Journal*, 16 July 2014.

<sup>44</sup> B. Spegele and V. T. Khanh, "China, Vietnam try to repair ties after South China Sea dispute," *The Wall Street Journal*, 28 August 2014.

<sup>45</sup> "Thao luan ve quan he Viet-Trung," *BBC Tieng Viet*, 5 November 2015.

were most needed.<sup>46</sup> The Vietnamese leadership then deliberated other options, including legal actions against China.

Observably, Hanoi orchestrated an extensive public relations campaign to slam China's gunboat diplomacy, exposing China's bully behaviour through a series of high-profile press conferences. Vietnamese coast guard vessels invited international reporters on board to be eyewitnesses to the aggressive manoeuvres of the Chinese boats. Vietnamese officials referred to the South China Sea issue everywhere possible, in all bilateral meetings with their counterparts, and multilaterally at ASEAN meetings and the United Nations forum. Clearly, Vietnam's main front was not at sea, but in international forums to inflict political and diplomatic costs on China. Perhaps, Vietnam's unbending stance combined with widespread domestic protests and international public's strong criticisms helped influence China to reconsider its move. In the context of mounting international backlash, China withdrew the oil rig in mid-July 2014 before the deadline it had announced.

Defiance is always followed by reverence in Vietnam's way of crisis management. Despite being provoked by China's oil rig incursion, Hanoi always kept open the bilateral channel with Beijing during the intense standoff and avoided overreacting. After China showed signs of watering down, Hanoi took the first move to reconcile with China by sending a senior official to Beijing to improve the relations.<sup>47</sup> The inept calibration of defiance and deference helped Vietnam hold the line without antagonising China.

## Conclusion

Since the end of the Cold War, Vietnam has put diplomacy as the first line of defense. Hanoi tried to engage China, its main challenger in the South China Sea, bilaterally and multilaterally to look for interim arrangements for resolving and managing existing disputes. The intractable nature of the South China Sea disputes gave rise to the enhancement of Vietnam's relations with other major countries, especially US, Japan, India, and Australia. Through the combination of defiance and deference, Vietnam has managed to safeguard its position in the South China Sea while maintaining cooperative relations with China.

In the long run, however, the efficacy of this policy will depend on several factors that Hanoi might not be able to control. They include the power shift that is in China's favour

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<sup>46</sup> "Duong day nong Viet-Trung 'khong hoat dong'," *VOA - Dai Tieng Noi Hoa Ky*, 27 May 2014.

<sup>47</sup> Spegele and Khanh, "China, Vietnam try to repair ties after South China Sea dispute."

and the Sino-US rivalry that includes both competition and cooperation elements. At the same time, rising nationalism and limited resources are also the domestic constraints that limit Hanoi's policy options, especially when the disputes in the South China Sea become tense and prolonged. That said, the search for an effective South China Sea strategy in Hanoi seems to be a work in progress.

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