An Economic Approach to South China Sea Disputes

Chunjuan Nancy Wei
University of Bridgeport

While China’s nine-dash line was dismissed as invalid in The Hague by the Permanent Court of Arbitration (PCA) ruling, the South China Sea (SCS) disputes are unlikely to go away. This is partly due to the nature of East Asia’s messy territorial claims and counter-claims as rooted in the Cold War politics. They go beyond simple ownerships of land features that a tribunal like the PCA could solve. While the verdict sides with the Philippines’ request, rendering all Spratlys Islands, including the Taiwan-controlled Itu Aba, as incapable of generating economic zones, it cannot solve the ambiguous maritime boundary problems inherent in the division of the Chinese state, nor dampen the rising emotions in various Asian capitals.

This author calls for economic and diplomatic solutions to the complicated geopolitical issue by going back to Beijing’s long-term stance of “shelving disputes and joint development of resources.” Recent developments in Hanoi and Manila may make this proposal more feasible. Philippine President Rodrigo Duterte seems to be pivoting away from his predecessor’s confrontational policy with Beijing. His upcoming trip to Beijing may help pave way to the new bilateral relationship between Beijing and Manila. Similarly, Vietnamese Prime Minister Nguyen Xuan Phuc recently visited Beijing to mend fences. Despite these developments, mutual trust remains thin among these states. The new administration in Washington should take into the new directions in Asia while formulating its approach.

My recommendation includes a mixture of bilateral consultation and multilateral institutions building to manage disputes, reduce tensions and even generate revenues. In my article “Economics and Geopolitics: Crafting a joint development in the Spratlys,” I called for establishment of intergovernmental organizations (IGOs) to deal with both security and economic interests. Setting aside the zero-sum mentality inherent in a military solution, “these IGOs could launch multi-lateral institution-building in the SCS region to fill the current institutional deficit,” helping curb the vicious cycle experienced in the SCS competition.

Recommendation
1. Evaluate carefully Chinese national interests and its ability in the South China Sea;
2. Examine US capability and responsibility to allies and partners;
3. Inform domestic and international stakeholders of U.S. policy directions;
4. Consider joining the Asian Infrastructure Investment Bank (AIIB); an economic approach to geopolitics could prove to be more effective.