

VIETNAM - CHINA: THE STANDOFF CONTINUES

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Early on May China has started oil explorations off the Vietnamese coast near the contested Paracel Islands, in the South China Sea. The oil platforms moved in the area have triggered anti-Chinese protests in Vietnam and raised concerned among regional countries over China's intentions.

Following the deployment of the first oil rig HD-981, Chinese nationals and interests have been targeted by violent protests across Vietnam. On May 11, AFP reported that thousands of workers set fire to several offices of Chinese companies in Binh Duong province. About 500 people were arrested following the demonstrations over charges of looting and rioting.

On May 15, at least 21 people were killed and around 100 were injured in anti-China riots in Ha Tinh province. Medical sources reported that 5 Vietnamese workers and 16 Chinese one were killed in the rioting, although the death toll could not be independently confirmed. Vietnamese rioters attacked also Taiwanese factories believing they were Chinese or because of employing Chinese workers. Other small protests were reported on May 18 in Ho Chi Minh City and Hanoi.

Following these events, China decided to send 5 ships to evacuate more than 3,000 Chinese nationals from Vietnam. In total, it has been estimated that over 19,000 people took part in the riots, 1,000 people were arrested, at least 145 were wounded

and between 2 and 21, depending on the sources, were killed, while thousands of Chinese citizens had to be evacuated from Vietnam.

Therefore, the relations between the two countries have reached a new low point after years in which they sought re-building their ties following Sino-Vietnamese war in 1979. Officially, Vietnam claims that the area where China has set up the oil rigs is within its Exclusive Economic Zone (EEZ), being 240 km off the Vietnamese coasts. Conversely, China claims they are in its EEZ considering the Paracel Islands as part of the Chinese coast. The disputed islands in the South China Sea are mostly inhabited, although the area is believed to be rich in oil and other resources.

Nevertheless, China's recent moves seem more motivated by the will to test the US and regional state reactions than by purely energy interests. Following the annexation of Crimea by Russia and the consequent lack of a strong reaction by Europe and the United States, concerns over the possible unfreezing of territorial disputes were raised by analysts on both sides of the Atlantic. Such scenario, could indeed take place in the South China Sea where China may want to test Washington's commitment to defend its regional allies.

Vietnam, of course, is not the only country in the region involved in territorial disputes with China. Philippines and Japan, in fact, share similar concerns over the Spratly and Senkaku Islands. Nevertheless, Philippines and Japan are in a stronger position than Vietnam, as they can count upon a collective defense agreement with the United States, which would oblige Washington to provide military support in case of attack.

So far, the United States has sought to remain neutral on the issue but it is not clear yet what policy would be adopted in case China becomes more aggressive. The hesitations of the Obama administration in Syria and Ukraine may suggest that Washington could use the legal ambiguities within the treaties signed with its Pacific allies to avoid an open confrontation with China.

According to a recent article on the Financial Times, the United States is planning on deploying more surveillance aircrafts in the South China Sea in order to deter China.

However, the deployment of P-8A planes in the contested areas represents just an intensification of surveillance activities than a brand new strategy. In addition, surveillance may not be enough to deter China, above all if no stronger measures are planned in case of evident territorial violations.

In this context, China's oil exploration in the contested islands may be a diplomatic move with a twofold meaning. First of all, China's interest is to test how far the United States will go to defend its allies in the region. Secondly, China may want to show regional countries that the US commitment, though formalized through agreements, will not turn into any practical/military support. This scenario would force South Asian countries to accept the status quo given the US inaction and the military unbalance they face vis-à-vis China.

At the time being, it is impossible to foresee if the tensions in the South and East China Sea will ever turn into an open conflict. What is certain is that tension will raise, causing more frequent social unrest events like those experienced in Vietnam in May. This could have a serious impact not only on the Chinese economy but also on the economy on many western companies who manufacture their products in the region.