



## Is a New China-Vietnam Maritime Crisis Brewing in the South China Sea?

What are the implications of China's abrupt cancellation of military border activities with Vietnam?

By Carl Thayer  
June 29, 2017



This year's long-scheduled Vietnam-China 4th Border Defense Friendly Exchange was unexpectedly canceled, reportedly due to Chinese displeasure at Vietnam's resumption of oil exploration activities in the South China Sea. Neither side officially has confirmed this development. This article reviews public and private information made available to *The Diplomat*.

On June 12, China announced that Senior Lieutenant General Fan Changlong, vice chairman of the Central Military Commission, had left Beijing to visit Spain, Finland, and Vietnam. Chinese media reported that Fan "will also attend the 4th high-level border meeting between the Chinese and Vietnamese militaries" during his visit to Hanoi.

Fan was accompanied by a high-powered delegation that included Shao Yuanming, deputy chief of staff of the Central Military Commission's Joint Staff Department; Liu Zhenli, chief of staff of the People's Liberation Army (PLA); Liu Yi, deputy commander of the PLA Navy; Song Kun, deputy political commissar of the PLA Air Force; and Yuan Yubai, commander of the PLA Southern Command.

Vietnam's *People's Army Newspaper* reported that Fan would make "a friendship official visit" from June 18-19. On June 13, Major General Nguyen Dai Hoi, deputy head of the Foreign Affairs Department of Vietnam's Ministry of National Defense, announced that the fourth Vietnam-China border defense friendship exchange program would be held in the northern border province of Lai Chau and China's Yunnan province from June 20-22 and that Fan would "co-chair the exchange program with General Ngo Xuan Lich," Vietnam's Minister of National Defense.

A discrepancy soon emerged between the public record and private reports by Hanoi-based observers concerning Fan's visit. The public record indicates that defense relations were going well and on June 18 an agreement was reached between Lich and Fan on personnel training between their respective central military commissions under the Joint Vision Statement on Defense Cooperation to 2025, which was issued in January 2017.

Initial media reports from Hanoi and Beijing reflected discussions held on June 18 between Fan and Lich, Party Secretary General Nguyen Phu Trong, President Tran Dai Quang and Prime Minister Nguyen Xuan Phuc. Media commentary published by both sides was upbeat and positive. For example, *Xinhua* quoted Trong as observing "Vietnam and China are friendly socialist neighbors, and relations between the two countries and two parties have maintained good momentum with deepening cooperation and exchanges in various fields."



Vietnam military delegates listen to a speech delivered by China's Central Military Commission Vice Chairman Fan Changlong at the sixth Xiangshan Forum in Beijing, China (October 17, 2015).

Image Credit: REUTERS/Jason Lee

According to *Xinhua*, Quang said “closer friendly cooperation between the two militaries will help deepen the mutual trust between the two countries and two parties, and facilitate their fruitful collaboration.”

Vietnam News Agency reported the two sides “agreed upon the contents and measures of cooperation in the time ahead.” Vietnam’s *People’s Army Newspaper*, wrote that Lich considered Fan’s visit “an important political event and a new development step in cooperative relations between the people and armies of the two nations.”

*Nhan Dan*, the organ of the Vietnam Communist Party, reported that Lich said Fan’s “ongoing visit is vivid evidence of close relations between the two parties, states and armies.” The paper noted that Lich and Fan “will co-chair activities within the fourth Vietnam-China border defense friendship exchange program” from June 20-22.

*Xinhua* quoted Lich as observing, “ties between the two militaries have made substantial progress in recent years, with sound cooperation in border defense, peacekeeping, and search and rescue.” According to *Xinhua*, Fan responded, “Thanks to the promotion of the leaders of both countries, the China-Vietnam relations are developing with good momentum and their cooperation has yielded results in various fields.”

Fan even suggested that China align its One Belt, One Road Initiative “with Vietnam’s Two Corridors and One Economic Circle plan, and push forward pragmatic cooperation in all fields for mutual development.”

Both Vietnamese and Chinese media reported that the South China Sea issue was raised in discussions between Fan and Vietnam’s leaders. *Xinhua* quoted Phuc as stating, “Vietnam is ready to make joint efforts with China to fully and effectively implement the Declaration on the Conduct of Parties in the South China Sea and reach agreement on a code of conduct in the South China Sea through consultations at an early date.”

*Xinhua* quoted Fan’s view that “the South China Sea islands have been China’s territory since ancient times... [and] that the current situation in the South China Sea has been stabilized and is turning positive...” Fan also called on “both sides to abide by the important consensus reached by the leaders of the two countries and the two parties. The two sides should enhance their strategic communications and properly manage and control their differences so as to maintain their overall relations as well as the peace and stability of the South China Sea.”

*Nhan Dan*, in its report of the Lich-Fan meeting, noted that “both host and guest agreed not to allow sea-related issues to affect the two countries relations.”

It soon became clear, however, that differences emerged over Vietnam’s renewed oil drilling in the South China Sea and these differences led to the cancellation of the planned border defense exchange activities.

It is unclear whether Fan spoke in general terms about Vietnam’s oil and gas exploration in disputed waters or specifically mentioned particular exploration blocks by name.

One Vietnamese source reported in a private email that Fan “raised the question to Vietnamese leaders, including PM [Nguyen Xuan Phuc], and asked Vietnam to stop drilling oil in block 136/03.” Block 136/03 is located in the Vanguard Bank. Other analysts reported that Fan mentioned block 118, also known as the Blue Whale, where Exxon Mobile is currently operating off Vietnam’s central coast.

Vietnamese sources say the unidentified leader to whom Fan spoke responded by strongly defending Vietnam’s sovereignty. It was this verbal exchange that reportedly led Fan to withdraw China’s participation in the 4th Border Defense Friendly Exchange and to return to China abruptly.

It is unclear whether General Fan left Hanoi immediately on the night of June 18 or on the morning of next day. The 2017 border exchange was scheduled to commence on June 20.

It should be noted that a year ago the arbitral tribunal that heard the case against China brought by the Philippines ruled that China’s nine-dash line claim to the South China Sea had no basis in international law. The tribunal also ruled that China’s claim to sovereignty based on historic rights had been extinguished when China ratified the United Nations Convention on the Law of the Sea (UNCLOS).

Fan’s reported remarks on the South China Sea could be read as insinuating that Vietnam was not abiding by the “consensus reached by the leaders of the two countries and the two parties.” His reported intervention would have been inflammatory to Vietnam’s leaders for two reasons: first, because it was delivered by a military general and

not a foreign ministry diplomat, and second, because it represented a reassertion of China's nine-dash line and China's claim to "indisputable sovereignty" over waters in Vietnam's exclusive economic zone, over which Vietnam has sovereign jurisdiction.

On June 22, China's *Global Times* reported that Vietnam had resumed oil exploration in disputed waters near the Paracel Islands this year and indirectly linked this with Fan's cancellation of this year's planned friendly border exchanges.

*Global Times* did not cite official sources, but quoted civilian analyst Liu Feng as stating, "Vietnam unilaterally broke its consensus with China, which involved shelving disputes and joint development, and its move is aimed at strengthening its territorial claims over the area... Vietnam's illegal actions undermined the stability of the South China Sea, and violated China's sovereignty and maritime rights."

The *Global Times*, however, confirmed that General Fan "unexpectedly cut short his trip to Vietnam" and quoted China's Defense Ministry as reporting the border defense activities were canceled due to "working arrangements." *Global Times* also linked the cancellation of the border exchange to disagreement over the South China Sea by quoting "foreign media outlets." The *Global Times* further noted "no official statement has yet been made by the Vietnamese side."

A Hanoi-based source privately confirmed that a Vietnamese colleague who was to have attended the exchanges was told they were canceled and to remain in Hanoi.

This setback is a sign that China is becoming more assertive in response to potential oil exploration activities by the Philippines and actual oil exploration activities by Vietnam. But there are also other developments which, if taken together, explain Fan's extraordinary about-face.

These developments include: the resumption of U.S. freedom of navigation patrols in the Spratly Islands by the Trump administration on May 24; China's interception of a U.S. Navy P-3C Orion maritime patrol aircraft flying over the waters near Hainan Island, also on May 24; Phuc's back-to-back visits to Washington and Tokyo in late May and early June, where defense relations and maritime security were discussed; joint naval exercises by the United States and Japan's Maritime Self-Defense Force off the coast of Korea in early June; and strong criticism of China's behavior in the South China Sea by the Australian prime minister and the defense ministers of the United States, Australia, and Japan at the Shangri-La Dialogue, also in early June.

Evidence for the linkage of Fan's cancellation of the border exchange activities and actions by the United States and its allies may be found in the *Global Times*' coverage of Fan's visit. The *Global Times* noted:

*A relaxation in the South China Sea situation is not in the desire of external powers such as the U.S. and Japan, which seek to turn the South China Sea into a place for geopolitical competition. They are more willing to see Vietnam and the Philippines make trouble for China, creating opportunities for them to interfere. They have now attached more importance to Hanoi after Manila changed its attitude.*

There is speculation that Fan acted on his own volition; if so his actions were clumsy as such protests are normally handled by China's Foreign Ministry. Fan's remarks, coming from a very senior PLA general, would have implied the threat to use military force. Fan's remarks were also counterproductive as they were unlikely to intimidate Vietnam's leaders. In fact, Vietnamese sources reported in private that "Vietnamese leaders rebuked [Fan], and Fan was not happy, he decided to return [to] China at night."

The abrupt cancellation of the fourth Vietnam-China border exchange undermines strategic trust between Hanoi and Beijing and represents the most significant setback in bilateral relations since the HD-981 oil rig incident in mid-2014.

Uncertainly hangs over whether or not Beijing will step up the pressure on Vietnam to demonstrate that Xi Jinping is a strong leader in advance of the 19th congress of the Communist Party of China. Vietnamese sources have privately speculated that China's deployment of the mega oil drilling platform HD-981 in waters near the Paracels several days before Fan's visit may portend a new crisis. These same sources have also circulated as yet unconfirmed reports that China has deployed 40 ships, vessels, and boats to the South China Sea.



**Sprocket** portable photo printer.  
Live it. Love it. Print it.

