

ASIA PACIFIC

# Vietnam, Yielding to Beijing, Backs Off South China Sea Drilling

By MIKE IVES AUG. 4, 2017

HONG KONG — Vietnam appears to have retreated in a high-stakes maritime gambit against China, suspending a gas-drilling project that it had approved in the South China Sea but that was said to have irritated Beijing.

The drilling, by a subsidiary of the Spanish energy company Repsol, had started in June off the southern Vietnamese coast, analysts said. The offshore block where the drilling was occurring straddles the border of Vietnam's 200-nautical-mile exclusive economic zone but is challenged by China, Vietnam's hulking northern neighbor, which is building artificial islands in the sea for its military.

Analysts say the project's suspension, which Repsol confirmed to Reuters on Wednesday, appears to be another strategic victory for China at a time when the Trump administration is distracted by turmoil at home. They say it also highlights the difficulty that Vietnam faces as it mounts long-shot challenges to Beijing's claims to the South China Sea — without much help from its neighbors in Southeast Asia or from Washington.

Vietnam's leaders "can try their best to deter the Chinese" in the South China Sea, said **Gregory B. Poling**, a fellow in the Southeast Asia program at the Center for Strategic and International Studies in Washington. "But when the Chinese push back hard, like they just did, the Vietnamese are out on a limb all by themselves."

In an emailed response to questions about the Repsol project and Vietnam's strategic priorities in the South China Sea, **Le Thi Thu Hang**, a spokeswoman for the Foreign Ministry, said that Vietnam supported the settlement of any disputes in the sea by peaceful means and according to international law.

"Vietnam calls on relevant parties to respect the legitimate rights and interests of Vietnam and make positive and practical contributions to peace and cooperation in the East Sea," she said, using the Vietnamese term for the South China Sea. Repsol did not respond to a request for comment.

Unlike the **Philippines** and **Japan**, Vietnam is not a treaty ally of the United States, meaning Washington is not legally obligated to protect it in the event of an attack. Mr. Poling said that Hanoi found itself isolated on South China Sea policy in part because it was unsure how the Trump administration would react if a conflict escalated there.

"I think it's fair to say the Vietnamese are still not entirely confident" that the administration cares about the South China Sea in the way that the Obama administration did, he said.

Vietnam's strategic isolation has worsened as the Philippines, another major territorial claimant in the South China Sea, has warmed to China since **President Rodrigo Duterte** came to power in June 2016.

Last July, the Philippines won a landmark case when an international tribunal ruled that Beijing's claim to sovereignty over most of the sea had no legal basis. Vietnam saw the ruling as a giant step toward its decades-long goal of creating a unified diplomatic front against Chinese territorial encroachment in the South China Sea.

But Mr. Duterte appeared to undercut the victory last year by saying that he favored direct talks with China over territorial disputes. Eufracia Taylor, a political analyst based in Singapore at the British risk consultancy Verisk Maplecroft, said that while Vietnam and the Philippines were once “in the same boat” on South China Sea policy under Mr. Duterte’s predecessor, President Benigno S. Aquino III, bilateral relations had deteriorated since Mr. Duterte took office.

It hardly helps that other Southeast Asian countries, which have less of a direct stake in South China Sea disputes and are mostly eager to woo state-backed Chinese investment, are reluctant to publicly discuss Beijing’s island building or the arbitration ruling, said Collin Koh Swee Lean, a research fellow at the S. Rajaratnam School of International Studies in Singapore.

“This is not surprising because Asean would not want to spoil the atmosphere” as it tries to negotiate with China about establishing a so-called code of conduct in the sea, he said, referring to the Association of Southeast Asian Nations.

Vietnam’s South China Sea strategy may also be constrained by domestic concerns.

When a state-owned Chinese company defiantly towed an oil rig into disputed waters near the Vietnamese coast in 2014, it provoked a tense maritime standoff as well as anti-Chinese riots in Vietnam that destroyed foreign-invested factories and led to the deaths of a few Chinese workers.

Analysts say Vietnam’s top leaders worry that another such standoff could again inflame a lingering popular sentiment that the ruling Communist Party is not standing up to China, and therefore damage the party’s legitimacy in the eyes of the country’s 93 million people.

Alexander L. Vuving, a Vietnam specialist at the Daniel K. Inouye Asia-Pacific Center for Security Studies in Hawaii, said that concern appeared to explain why Vietnam did not publicize the Spanish drilling project. “This time they were more aware of the threat from the inside, from their own population,” he said.

Then there are naval considerations.

Dr. Vuving said that Vietnam may have ordered Repsol to stop drilling in the South China Sea this summer because it feared its Coast Guard could be overwhelmed by a potential riposte from the Chinese Navy.

By Dr. Vuving's calculations, Vietnam roughly doubled the size of its Coast Guard, in terms of tonnage, from 2013 to 2017. That buildup has been widely seen as a response to the 2014 crisis, in which large Chinese Coast Guard vessels encircled wooden Vietnamese fishing boats near the controversial oil rig, embarrassing Hanoi.

Analysts and defense officials said in interviews that Vietnam was also investing in maritime surveillance capabilities, conducting limited reclamation work on islands that its military controlled in the South China Sea and training crews to operate its six new Russian-built attack submarines.

Mr. Poling said Vietnam's overall aim was to deter Chinese aggression in the sea by developing the ability to at least give China a "bloody nose" in a hypothetical military conflict.

"Vietnam's building up its naval power in order to efficiently and effectively protect its sovereignty and defend its security" against China, said Nguyen Hung Cuong, a South China Sea expert at Vietnam National University in Hanoi.

Ms. Taylor, the Verisk Maplecroft analyst, said that she expected Vietnam to continue exploring offshore energy resources with foreign partners, in part because the government was eager to have energy security that could help power brisk economic growth. She noted that Vietnam had so far "held the line" on a separate plan to drill for gas in another area of the sea in partnership with Exxon Mobil.

Ms. Taylor said that Vietnam's uncertainty over the United States' commitment in the South China Sea under the Trump administration was significant, but also a familiar feeling across Southeast Asia for decades.

Even the Obama administration's so-called strategic pivot to Asia, she said, had been "a little late — maybe better than never, but not enough to assure people."

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