Why is there a relative peace in the South China Sea?¹

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The South China Sea (SCS) represents a historical success of conflict prevention and peace building. It has been, and is, the locus of a number of territorial conflicts between China and the members of the Association of Southeast Asian Nations (ASEAN), and a conflict where regular military clashes has occurred. In Sino-ASEAN relations, the SCS is the most likely flashpoint to escalate into war, or generally undermine otherwise positive developments. To cite, Rodolfo C. Severino, former ASEAN Secretary-General, "[i]f not for the South China Sea, China-ASEAN relations would be hassle free".² It is not without reason the characterisation of the Spratly area as "Asia's next flash point" becoming a standard reference phrase during the 1990s.³ However, these predictions seem to have been premature, and have, so far, not materialised. Indeed, although the underlying incompatibilities have not been resolved, not only has the conflict not escalated into a serious military conflict, but it has in fact been mitigated, and as this chapter will argue, a more stable peace has developed.

Scholars of neo-realist, the dominant research paradigm for analyses of the East Asian security setting, has painted a gloomy picture of the prospects for the South China Sea and the East Asian region in the post-Cold War era and perpetual conflicts have dominated the predictions.⁴ Similar assessments have also been made by virtually all analysts of U.S. policy.⁵ However, these predictions seem to have been premature, and has, so far, not materialised. This is the case not only in the South China Sea, but in the broader East Asian region where instead of perpetual conflict the post-Cold War era has been characterised by integration and a focus on multilateralism and multilateral cooperation. Though less prone to predict conflict, also other mainstream International Relations theories fail to fully account for the level of peaceful developments. Liberal institutionalism tends to either give the various institutional arrangements in East Asia more prominence than they deserve, or dismiss them simply because they are so different from the Western ones. Constructivism, on the other hand, tends to give more credit to Asian identity building than it deserves.⁶
This chapter will provide an empirical study of the SCS dispute since the end of the Cold War. More specifically, the study focuses on China’s role on behalf of peaceful developments in the SCS and in the overarching Sino-ASEAN relations. The overarching relations are included as the SCS dispute is linked with the overall peace-building process between China and ASEAN that has taken place over the past two decades. The two cannot be separated, as the SCS is the most likely dispute to escalate into military confrontations. At the same time, progress in the SCS is very much a manifestation of positive Sino-ASEAN relations. The study is based on empirical data collected during extensive fieldwork between 2004 and 2008 based in China, and interviews in Singapore 2010. The major part of the empirical material was collected through interviews with elite individuals in China, Taiwan, Hong Kong, Singapore, and Europe.

The study develops an understanding of the role and impact of cross-border interactions that transcend formal conflict prevention, conflict management, conflict resolution, and peace building. Informal processes and their related conflict prevention and peace building mechanisms are of particular interest here. More specifically, the focus is on a number of processes that have been of importance not only for preventing conflict escalation in the SCS, but also for the progression toward peace in Sino-ASEAN relations more generally. Two interlinked processes - elite interactions and regionalisation - have been identified as of key importance for the relative peace. Furthermore, the role of the U.S. will be analysed. In the first section the role of three types of elite interactions are analysed; the South China Sea workshops, track two diplomacy and personal networks among the regional leaderships and elites. Thereafter, the study moves on to the role of regionalisation. This section is divided into two parts. First, the importance of the Chinese acceptance of multilateralism and the increasing institutionalisation of peaceful international relations between China and ASEAN is analysed. Thereafter, the analysis moves to the importance of economic integration and interdependence (EII). In the third section, the role of the United States for the relative peace is evaluated, where after conclusions are drawn.

**Ingredients of a Stable Peace**

The underlying presumption in this study that different informal processes, and interrelated mechanisms, constitute at least part of the explanation for the relative peace is based on three observations. Firstly, there is an absence of any security organisation or other formalised conflict management mechanisms to prevent conflict escalation and/or build peace. This indicates that there needs to be some form of more informal mechanisms in existence. Secondly, the importance of informality and informal processes is widely acknowledged. The Asian states are enmeshed in informal and personalised networks in all spheres. On the international level, the importance of informality is not only underscored by the regional preference for non-legalistic institutions. Moreover, the pan-regional acceptance of the "ASEAN-way" as the diplomatic norm, and the importance given to inter-personal interaction between leaders also illustrate the role of informality. Thirdly, there are some research focusing on peace and conflict that points to the importance of informality and informal processes, such as informal networks.

Peace is understood as not merely the absence of war, but as a continuum ranging from crisis, through unstable- and stable-, to durable peace. A durable peace is a situation where inter-party relations have reached a high level of cooperation and reciprocity and war is unthinkable. When a stable peace, relations have transcended the stage where war does not happen and moved into a situation where war is perceived as something that will not happen, at least in people’s minds. At the unstable peace level, tensions and suspicions between the parties is so high that
peace no longer seems guaranteed and the parties perceive each other as enemies. Tensions and suspicion run high, but violence is either absent or only sporadic.\textsuperscript{10} At the crisis level, the risk of war is imminent and military action is the preferred, or likely, option. There may be sporadic utterances of violence between the parties, but no regular organised and open violence.

The process that creates peace is understood as dual, including both "the prevention of conditions conductive to violence" and "the promotion of conditions conducive to peace".\textsuperscript{11} The former roughly equates to preventing negative relations between groups, and the latter translates into the promotion of positive inter-group relations. In this article, the terms "conflict prevention" and "peace building" is used to capture the two aspects. Conflict prevention covers the prevention of negative relations from escalating, while peace building encompasses the development of positive relations between states. In general, conflict prevention covers mechanisms with impact over a relatively short term, while peace building concerns the building of a longer-term peace.

\textbf{The relative peace in the South China Sea}

In terms of peace, the SCS and Sino-ASEAN relations have been transformed since the early 1990s when it was best characterised as a most fragile unstable peace. At the time, military forces were seizing claims and a conflict between the Philippines and China over the Mischief Reef in 1995 stopped short of military conflict mainly because of the unequal power of the two. Since then, the conflict has moved towards a more stable peace. Despite tensions and unresolved underlying incompatibilities in the SCS, it is assessed that war is most unlikely to happen. This is so as the SCS dispute cannot be separated from the overarching Sino-ASEAN relations. Since the early 1990s, peaceful relations between China and ASEAN have been institutionalised, and there have been a strong regional integration process making the two become interlinked and economically interdependent. Thus, as a manifestation of the latter, the conflict is tilting towards a stable peace where war is very unlikely.

This is the case also after the SCS situation has deteriorated since late 2007, in particular between China and Vietnam and China and the Philippines. These developments do increase the risk for more confrontations, at least if the trend continues. At the same time, their impact so far should not be overestimated. There are signs that China understands that it has pushed too far.\textsuperscript{12} It is also clear that diplomacy continues to be the preferred option among all parties, and the general commitment to cooperative approaches aimed at reducing the risk of conflict, joint development, and the protection of the marine environment remains.\textsuperscript{13} The regionalisation process has continued, with substantial progress in particularly in the economic sphere with the implementation of the China-ASEAN Free Trade Area (CAFTA) 1 January 2010.

Thus, despite the increased tensions, the unstable peace continues to tilt towards a stable peace (although somewhat less so). The parties do not perceive each other as enemies, and in the short-term perspective, the U.S. continues to be a safe guard for peace. In the longer-term perspective, as long as China continues to focus on its need for economic development there are strong incentives for continuing to develop positive relations with its Southeast Asian neighbours. It should here be noted that China's assertive stance has not come as a shock for an ASEAN that has been deceived by the Chinese "charm offensive", as some analysts suggests.\textsuperscript{14} As argued by Dewi Fortuna Anwar, the ASEAN members "were and continue to be fully aware of both the inherent promises and dangers that China present", and it continues to believe "that the best course of dealing with China ... is to engage and integrate it fully into the regional order".\textsuperscript{15}
Elite interactions

The proliferation of elite interactions, in particular track two diplomacy and personal networks, has been important for peace building and conflict prevention in the South China Sea, as well as in Sino-ASEAN relations and the broader East Asian region. The elite interactions have increased the regional ability to prevent conflicts from arising and escalating. They have been an important force for regional trust and confidence building, and for the development towards a regional identity through East Asian community building.

In regards to the South China Sea dispute, the informal South China Sea workshops have been of particular importance. These workshops have been promoting cooperation and confidence building and have been building understanding and trust among the conflicting parties. The importance of these workshops should be understood in the context of the thick web of track two frameworks that developed in the region in the 1990s. The frameworks are interlinked: they interact both formally and informally; they discuss similar issues, and, largely, have overlapping participants. This creates synergy effects and strong links to the track one level. These mechanisms are explored in more depth in the following sections on proliferation of track two diplomacy and on personal networks.

The South China Sea Workshops

In the early 1990s, the SCS was the region’s most critical flashpoint, and there was no forum through which this conflict could be efficiently handled. At the time, the "Informal Workshops on Managing Potential Conflicts in the South China Sea" (SCSW) were the only mechanisms for reconciliation, and the only feasible forum through which China could engage and cooperate with ASEAN on the South China Sea dispute. The aim of the workshops was to "...informally manage potential conflicts in the South China Sea through the promotion of cooperation within the context of promoting confidence building measures and preventive diplomacy". The workshops were most important between 1990 and 1999, before the ASEAN code of conduct was developed and China agreed to hold talks with the ASEAN on this matter. During the 1990's, totally ten annual workshops and a large number of other working group meetings were held. With the exception of the first workshop, all relevant regional states were participating.

The policy impact of the SCSWs has been high. Although the SCSWs are examples of track two diplomacy, they share many of the features of track 1.5 workshops. It was from the beginning explicitly stated that the workshops should be "a platform for policy-oriented discussions, not only for academic exchanges of views". The workshops focus on policy streams through the way participants are selected, where emphasis put on senior officials rather than on academics. Thus, the workshops normally gathered senior foreign ministry level officials from all participating states. The high-level participation ensured a direct link back to the decision makers and other relevant authorities concerned with the SCS. This was the case although the officials were participating in their "private capacity", which in practice meant little less than preventing the participants from making binding statements or agreements.

The SCSWs did help the participants to reach a better understanding of each other's positions as they opened up for both information exchange, and formal as well as informal communication among the participants. This understanding consequently decreased the risk for miscalculations, which is important to prevent unnecessary and unintentional conflict escalation.
Moreover, the workshops ensured the existence of channels of communication between the parties, which raised the ability to defuse tensions and prevent conflict escalation. To prevent the conflict from escalating is critical in the SCS case, since it is a flashpoint where the parties not only have military forces present, but where military confrontations have been a regular occurrence.

The SCSWs have been a successful forum for policy innovation and pre-negotiation, serving as a possible starting point for official negotiations. In fact, many of the features that later on appeared in official statements and joint declaration had previously been discussed in the informal workshops. Being both track two and informal, the SCSWS did not have the same restrictions as official negotiations. Already at the second workshop in Bandung, West Java, in 1991 – the first workshop with Chinese participation – the involved parties agreed to settle the conflict peacefully, thereby avoiding the use, or the threat, of force. The participants also agreed to exercise restraint and to develop cooperative programs and projects regardless of the territorial disputes.

The workshops have also worked as catalysts for cooperation within a range of different functional areas. Through its Technical Working Groups and Group of Experts Meetings, a number of projects have been established in areas such as ecosystem monitoring, biodiversity, sea level, and tide monitoring. Functional frameworks have been established. For example, a special study group on joint development in the South China Sea was set up in 1998, which addressed the sensitive and conflict ridden issue of access to natural resources. Taken together, these projects have had positive for peace building as processes of confidence and trust building between the conflicting parties. As argued by Hasjim Djalal, these measures "are meant to promote a spirit of cooperation among the claimant-countries. It is in part because of them that no violent conflict has taken place since 1988."

In conclusion, the SCSWs have been of high importance for safeguarding the relative peace during the 1990’s, both by preventing conflict escalation and by setting the stage for peace building initiatives. They have been a driving force for peaceful developments in the SCS as a forum for pre-negotiation and policy innovation. The workshops have created a meeting place in which the relevant officials from the conflicting parties have been able to meet in an informal setting, thereby creating allowing for the building of relationships and trust among the officials. The workshops were also important for the development of personal networks among the participants. This network building was important, as there were limited linkages between China and the ASEAN during the 1990s. The workshops have also smoothened relations through technical cooperation at a time when conflict was tense and the official lines of communications between China and the other parties were limited. In short, the SCSWs thereby not only contributed to the prevention of conflict escalation, but constitute an important part of the peace building process in the SCS.

**Personal networks among regional leaders and elites**

The existence of personal relations between regional leaders and elites has been crucial for the building of mutual trust and understanding. Most interviewees, particularly in East Asia, called personal relationship among regional leaders "extremely important". Indeed, it was even argued that personal contacts and relations between the top leaders are "a key" to friendly inter-state relations as it "reflects relations between countries". It is clear that also the Chinese leaders themselves attach high importance to leader- and elite interactions, which have been richly described in a memoir by Qian Qichen, former minister of foreign affairs. A good example here is found in his detailed account of how China restored formal ties with Indonesia.
Weissmann: Why is there a relative peace in the SCS?

The network building has been driven by the combined forces of regionalisation and the proliferation of track two processes. The unprecedented number of meetings has led to a situation where top leaders, officials, and other regional elites have extensive points of contact. Through the socialisation in these meetings, webs of personal networks have been built among the participants. The socialisation and the networks have not only increased confidence and trust among their members, it has also contributed to the building of a nascent regional identity. As argued by a senior member of a Chinese government think tank, the identity building process has been important, given the "need for a regional identity" if "mutual confidence" should be achieved in such a diversified region as East Asia with its differing political systems, levels of economic development, culture, and ethnicity.\(^{29}\)

It should be emphasised that the development of personal relations between the Chinese and the ASEAN leaders is a new phenomenon. China has traditionally not had personal relations with Southeast Asian countries. This new trend came after China introduced its "good neighbourhood policy", which has resulted in good relations with all its Southeast Asian neighbours.\(^{30}\) The ASEAN+3 (APT) process has been of foremost importance for this network and trust building exercise, as the summits are "a very good opportunity for top leaders to develop a mutual understanding plus getting to know each other better."\(^{31}\)

The importance of personal networks goes beyond the top leaders. Through the multilateralism and the institutionalisation of the regionalisation process – in particular the APT process – lower ranking officials socialises with their counterparts as well. The importance given to informal socialisation can be seen in different ASEAN related meetings where efforts are made to ensure that participants get the opportunity to interact informally. The lower level socialisation does increase the mutual understanding and develops confidence and trust at all bureaucratic levels and in different policy sectors. As foreign policy today includes actors and bodies outside the top leadership and the foreign ministry, it is essential to include all levels and sectors. It is important that individuals at all levels are determined to avoid confrontations and prevent issues and tensions from escalating or spreading.

The benefit of elite socialization and elite networks is also noticeable within the respective states. Here, the networks build an efficient link between Track 2 and Track 1 policy-making circles. This is an important aspect in the Sino-ASEAN setting where the link between Track 2 and Track 1 is unclear, as the two tracks often overlap. Moreover, in China the linkages to Track 1 have increased in recent years, as the Chinese leaders have become more receptive to new ideas.\(^{32}\) Personal networks also contribute to keep channels of communication open between conflicting parties, as illustrated by the informal communication that predated the South China Sea workshops. The personal networks also facilitate back-channel negotiations, as can be seen in the setting up of the SCSWs.

**Track two diplomacy**

When looking beyond the SCS, track two diplomacy has proliferated in East Asia during the last two decades, from three or four track two channels in the whole Asia-Pacific in 1989,\(^{33}\) reaching 268 in 2008 after having passed 200 in 2005.\(^{34}\) The reason for this trend is an increasing interest, both within and outside the region, to engage in dialogues aimed at developing a more secure and stable neighbourhood, and to work for continued economic prosperity. The track two style fit very well in the region, as they correspond to the in the region important norms of informality, consensus building, consultation, face-saving, and conflict avoidance. Another key factor for the proliferation is
China’s shift from being a reluctant (non-) participant, to becoming one of the driving forces in track two dialogues in the region.

For conflict prevention and peace building, the benefits of the proliferation of track two diplomacy can be found in their impact through enhanced mutual understanding (even when the parties are hostile), increased transparency, and the development of mutual trust. These changes occur even when there is a lack of concrete policy outcomes. As Chinese scholars with extensive track two experience have observed, since officials are included, the track two processes build trust between policy makers and make them more informed, in turn leading to them making more knowledgeable decisions. Both Trust and informed decisions are important for conflict prevention, as it increases the ability to successfully handle and defuse tensions and disputes before they escalate beyond control. Track two dialogues also have a more direct peace impact when official dialogues are stalled, or when a government wants a "benign cover" to try out new policy ideas. The latter is seen in the case of the SCSWs. In addition, they are also important for long term peace building through their spill over effect on regional identity formation (Kim 2001).

A number of track two institutions stand out for their role for the relative peace. The ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS) and the Council for Security Cooperation in the Asia Pacific (CSCAP), have been of utmost importance. Their impact goes beyond trust, confidence, and network building, as they have worked in symbiosis with track one forums. They form a part of the ASEAN Regional Forum “two-track approach”, where

"...Track One activities will be carried out by ARF governments. Track Two activities will be carried out by strategic institutes and non-government organisations in the region, such as ASEAN-ISIS and CSCAP. ... The synergy between the two tracks would contribute greatly to confidence building measures in the region. Over time, the Track Two activities should result in the creation of a sense of community among participants of those activities." 38

Thus, the two institutions have had direct impact on policy through their close working relationship with official institutions. They have also been forerunners in the institutionalisation of East Asian regionalisation and community building.

CSCAP was formally launched in 1993 as the result of a series of conferences on regional security issues in the early 1990s. It has since been of foremost importance for regional trust- and confidence building, preventive diplomacy, and cooperation on non-traditional security issues. With two formalised channels to influence ARF meetings. It can consequently influence ARF on a wide array of topics drawing on its working groups on a range of issues. In other words, CSCAP has not only been a facilitator of elite socialisation, but has also contributed to semi-official engagement on a range of issue areas. That said, over time, CSCAP has lost some of its role, as many of its areas eventually have become institutionalised within the APT process.

The ASEAN-ISIS has not only played a fundamental role in the development of ASEAN, but has also been a positive force for developing peaceful relations between ASEAN and China. It has fostered capacity building for cooperative security and preventive diplomacy, and has provided valuable advice to governments in East Asia on a range of issues affecting regional peace and security in Southeast Asia. This includes recommendations to create the ARF, to strengthen the ASEAN secretariat, and to push for a realisation of an ASEAN Free Trade Area (AFTA). In turn, the ASEAN secretariat has been important particularly within the ASEAN, but also in the organisation’s work to engage China as a collective. The ARF has become the institutionalised forum in which common concerns for the whole region are addressed. It has been an excellent platform for elite
interactions. It has also built a link between track one- and two levels by institutionalising meetings between the heads of the ASEAN-ISIS and the ASEAN Senior Officials. In conclusion, the ASEAN-ISIS has been an important catalyst for building a coherent ASEAN, which is important for the level of success in ASEAN's relations with external actors. The success is most clearly manifested in the APT process and in the development of free trade agreements with its East Asian neighbours, and for the development of good intra-ASEAN relations, all of which has been of high importance for the long-term peace building process between China and ASEAN, as we will see in the section on regionalisation below.

There are other track two processes that have been developed within the APT framework. After proposal by South Korean President Kim Dae Jung in 1998, two research institutes focussing on East Asian affairs were established in the East Asian Vision Group (EAVG) and the East Asian Study Group (EASG). Since 2003, largely as a result of the work of the EAVG and the EASGS, three other track two processes have been established: the East Asia Forum, the Comprehensive Human Resources Development Program for East Asia, and the Network of East Asian Think-tanks (NEAT). These processes have played an important role for peace building by being a driving force in the East Asian regionalism project and for the process of East Asian community building.

All track two processes facilitate the gathering of policy makers in a more low-key and informal setting, which allow for relatively open and frank discussions on security issues. Even if the general discussions in the open forum tend to be rather formal, there are room for informal, off-the-record discussions during coffee breaks, dinners, excursions, etc. To cite a regular CSCAP participant:

"That is pretty much how it is! ... There is a table, you present a paper. You do not mention Taiwan, then the Chinese would walk out. All business [is] on the side lines. [It is ] very Asian, very consensual. No debate [at the main table, and] all positions [are] decided beforehand. [There are] [s]ome open discussions, but most of it at the sidelines, at the coffee table, etc."

The unofficial discussions and socialisation are important for network building. They also work as trust and confidence building mechanisms and as indirect conflict prevention by allowing for the participants to test their ideas without committing to them officially. This not only encourages new thinking, but also allows for increased knowledge about, and understanding of, the underlying logics and interests behind official positions, statements, and actions. Through these exchanges, confidence and trust is being built. Occasionally, deep trust is developed, not least as the participants share many experiences and characteristics, and frequently are each other's counterparts. Repeated interactions also disencourage cheating, as there are mutual gains from upholding a certain level of sincerity. At a minimal level, your ability to assess the other's level of sincerity will have increased, as through interactions you learn whom to, and whom not to, trust. This way, unofficial discussions also decreases the likelihood of confrontations because of misunderstandings or miscalculations. The development of confidence, trust, and networks between, at least some, individuals is central for the ability to implement direct conflict preventive measures.

**Elite interactions and the relative peace**

The proliferation of elite interactions has been of high importance for the building and upholding of the relative peace in the SCS and between China and ASEAN. Both the short-term conflict prevention and the long-term peace building impact have been high. The track two frameworks have played an important role for the enhancement of understandings and the building of confidence and trust.
Weissmann: Why is there a relative peace in the SCS?  

since the end of the Cold War. In this context, the role of the track two processes for network building and as a facilitator for elite socialisation is obvious. The elite interactions have built mutual understanding and trust among the regional elites and leaders. It has also altered both how they perceive each other, and how East Asia as a region is perceived. This has been an important component for the building of a shared (regional) identity among the elites. The interactions have also created a platform for pre- and back channel negotiations, by creating the trust, channels, and settings needed for such measures. Finally, the track two frameworks have worked as an important catalyst for regional cooperation.

For the SCS dispute, the SCSWs played an essential role during the critical 1990s period, by promoting cooperation and confidence building among the parties. The workshops were also important for increasing the understanding between the parties at a time when there were otherwise limited interaction. The SCS workshops did, together with the increasingly thick web of track two frameworks in the rest of East Asia, work as a frame for conflict prevention and peace building in the SCS. The workshops can, in this respect, be understood as pre-negotiations and a forum for policy innovation for future track one negotiations and/or agreements. Through the workshops, continued inter-party dialogues could be assured and, thereby, the hopes for an eventual peaceful resolution could be kept alive.

**Regionalisation**

As set out in above, the developments in the SCS dispute cannot be separated from the overall Sino-ASEAN relations. As observed by Rodolfo C. Severino, "...good Sino-ASEAN relations decrease the risk of conflict in the South China Sea. At the same time, bad relations in the South China Sea are a problem for the overall relations." The key factor for the positive developments in Sino-ASEAN relations, and in turn for conflict prevention and peace building in the SCS, is the strong regionalisation process that has been happening since the end of the Cold War. From a peace perspective, in particularly two aspects of the regionalisation process stands out: the acceptance of multilateralism and institutionalisation of peaceful relations, and economic integration and interdependence.

**Chinese acceptance of multilateralism and the institutionalisation of peaceful relations**

China's acceptance of multilateralism and the interlinked institutionalisation of peaceful Sino-ASEAN relations have, together with the APT-process, been important for the gradual move towards a stable peace. Of particular importance for peace is the general acceptance and institutionalisation of the "ASEAN-way", which works as a structure defining how international relations and diplomatic practices are to be conducted. This, in turn, influences and constrains actual behaviour. In constructivist terms, the "ASEAN-way" has created a normative and ideational framework that all East Asian states need to consider and relate to in their decision making processes. This is the case even though the principles are not necessary followed.

The institutionalisation of peaceful relations between China and ASEAN can be traced back to the Tiananmen incident in 1989 when ASEAN pursued a diplomatic campaign to engage rather than isolate China. ASEAN's "constructive engagement" strategy was to become a reciprocal process, with China moving from a great power oriented foreign policy to "soft power" diplomacy to
counteract the perception of China as a threat. This rapprochement has been a long-term identity altering process for both parties, whom have reinterpreted their interests and transformed their behaviour towards each other. The rapprochement is fundamental for the understanding of why there have been attempts to manage the SCS, and why these attempts have been successful. Without the mutual aim of building peaceful relations, there would have been little incentive for either side to ensure that the SCS did not negatively affect their overall relations.

The 1997 Asian Financial Crisis was another milestone for the institutionalisation of peaceful relations, being a critical juncture not only for ASEAN's perception of China and for the level of communication and diplomatic respect. In 1997, the first APT summit was held between China, South Korea, Japan, and the ASEAN members. This was the initiation of the APT process, which was to become one of the driving forces for the East Asian regionalisation as well as the institutionalisation of peaceful relations between China and ASEAN. The importance of the APT process for East Asian peace lies in its inclusiveness. Being a broad cooperative process, the APT became the platform for cooperation, reconciliation, and community building in East Asia. Seen from the perspective of regional peace, the states have been able to use this platform to "avoiding [the need for] conflict avoidance", that is positive inter-state relations have developed to such an extent that there have been less need for deliberate efforts to avoid confrontations over conflictual issues. This role is important as ASEAN "is not much of a mediator", which makes APT "a place to reassure each other [that one is] not trying to be dangerous."

Parallel with the institutionalisation of peaceful relations, there has been an increasing Chinese acceptance of multilateralism. In the early 1990's, China was both inexperienced and unwilling to participate in multilateral frameworks. It was only reluctantly China joined the ASEAN regional forum (ARF) in 1994. This was, to quote Ren Xiao, a leading Chinese expert on Sino-ASEAN relations, "a remarkable development", as China at the time had "little experience in multilateral processes, except those within the United Nations system". Through participation, over time the "mindsets towards multilateral approaches" changed. China became more positive and proactive in its engagement in multilateral frameworks. It started to develop what is best described as "an open mind", and "changed its mindset to the idea of security dialogues." Given that the ASEAN consistently has been trying to enmesh into the regional order and get it to accept some regional norms and practice, such as multilateral engagement and the ASEAN-way, these changes was highly appreciated.

Since 2000, China has moved beyond being a participant and has become a proactive actor in multilateral settings. The underlying Chinese logic is that an understanding of China and its benign intentions will make the Asian actors change their perceived interests and behaviour in a direction that is favourable to China. For example, in 2001, China launched the Bo’ao Forum as part of its strategy to reassure Southeast Asia of its benign intentions. Also the signing of the Declaration on the Conduct of Parties in the South China Sea in 2002 and the 2003 accession to the "Treaty of Amity and Cooperation" was part of the same strategy.

The move towards, and acceptance of, multilateralism has over time become institutionalised. Institutionalisation has, together with multilateralism, been key "[t]o make the region a more secure one". It has been argued that "there is a need to develop regional institutions" in order to "prevent conflicts". It should here be emphasised that institutions should not be equated with regional organisations in a traditional (Western) sense here. Institutions are, to cite Robert O. Keohane, "persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity, and shape expectations". They do not need to be formalised
in the legal sense, and "may include organizations, bureaucratic agencies, treaties and agreements, and informal practices that states [as well as non-state actors] accept as binding". The foremost example of the institutionalisation of Sino-ASEAN relations can be found in the APT process, which is "a set of complex meeting/dialogue mechanisms of cooperation, molded ASEAN-style consultations" with dialogue at various levels and on a wide range of issues. The APT process has not only driven cooperation to unprecedented levels, it has also turned the "ASEAN-way" into an institution in its own right. Despite its non-legalistic nature, the "ASEAN-way" does fulfil the requirements set out for an institution: it implies a "persistent and connected sets of rules" that "prescribe behavioural roles, constrain activity, and shape expectations", which "states accept as binding". Consequently, the "ASEAN-way" has worked as an ideational and normative structure, which has both guided and constrained the diplomatic practice and inter-state relations across East Asia, including between China and ASEAN.

To sum up, the Chinese acceptance of multilateralism and institutionalisation of peaceful relations have been a precondition for the Sino-ASEAN peace building process. Through the creation of structural frameworks with forums, dialogues, and accepted diplomatic norms and practices (the "ASEAN-way"), the institutionalisation has stabilised the regionalisation process and made it permanent and regular. The institutionalisation has been an important part of ASEAN's engagement of China and served to increase its stakes in regional peace and stability. Moreover, it has assured that the "China threat" does not become a self-fulfilling prophesy. The long-term objective of engaging China aimed "...to lock China into regional multilateral institutions, which will not only moderate but also gradually transform Chinese regional behaviour" has been successful: China's behaviour has become more moderate, and it has accustomed to, and compliant with, engagement in multilateral forums. Moreover, China has accepted the "ASEAN-way" as the diplomatic principle and has started to take its neighbours' interests into account. This has been a reciprocal process between China's "soft power diplomacy" and ASEAN's "constructive engagement" policies.

Applied on the SCS dispute, both the changes in perception and the Chinese acceptance of multilateralism were necessary for success in the overall negotiation process. Without these changes, the talks on a regional code of conduct that started in 2000, would most likely not have been possible. These negotiations benefitted from the trust and confidence that had developed between the parties. Since the SCS is a multi-party issue, it required a multilateral setting, not least to avoid unbalanced bilateral negotiations with China. The difference is most clearly seen in the differences in developments before and after the 1995 Mischief clash. Before the clash, the SCS dispute was stalemated at a high conflict intensity level, with no mutual trust or confidence. Rather, the involved actors did their utmost to secure their claims. After the incident, the ASEAN members succeeded to take a common stance in their dealings with China, thereby forcing it to deal with the ASEAN members on a multilateral basis, as opposed to its preferred bilateral approach.

Economic integration and interdependence

Beneath the above processes lies a significant process of economic integration and interdependence (EII) in East Asia. The whole region, with the possible exception of North Korea, seeks peace, security, and prosperity. The focus on economic growth and prosperity has been a common policy goal across East Asia, driving the regionalisation process. It is not without reason that Ali Alatas, former Indonesian Minister for Foreign Affairs, equated ASEAN+3 with "peace plus prosperity". In East Asia, the proliferation of EII is a relatively recent phenomenon. Central for this take off was the founding of the Asia-Pacific Economic Cooperation in 1989 and the agreement on an
ASEAN Free Trade Area in 1992. Since the early 1990's the EII has increased dramatically, with the bilateral trade between China and ASEAN increasing 15 fold between 1991 and 2005 when it reached US$130.3 billion.\textsuperscript{61} The EII goes beyond trade volume, with China taking the bold step of arranging for China-ASEAN Free Trade Area (CAFTA) that was signed in November 2002, coming into force 1 January 2010.\textsuperscript{62} The process of implementation is important beyond its economic benefit, as it forms part of China's diplomatic policy to win trust among the ASEAN members by "giving more and taking less" (\textit{Duo Yu Shao Qu}).\textsuperscript{63} It is also an important catalyst for the overall regionalisation and community building process, having been described as "an initial step towards the realisation of an East Asian community".\textsuperscript{64}

EII has both direct short-term conflict prevention potentials and longer-term peace building impact. In the short term, it has had a moderate impact by increasing the cost of military conflict thereby increasing the incentive to pursue non-conflictual paths. This has been an important incentive for the states to avoid confrontations or conflict escalation over what the parties perceived as non-essential issues. With the increased EII, the problems in the SCS have simply become less central on the agenda.\textsuperscript{65} The benefits of economic cooperation simply overshadow the problems in the SCS since none of the parties wants to risk undermining the benefits from economic cooperation by triggering an escalation of conflict in the South China Sea. This has made conflict avoidance the preferred path.

For long-term peace building, EII has been of high importance by promoting conditions conducive to peace, both by itself and through spillover effects. Not least has it been important as a driving force for regionalisation and the institutionalisation thereof. As argued by a senior analyst in a Chinese government think-tank, "[a]ll East Asian countries take East Asian economic cooperation as [a] first step in the East Asian community building process."\textsuperscript{66} That is, it works as an important platform for East Asian identity building, and thus, in turn, influences how the participants perceive, and behave, towards each other, and how they construct their interests. The interaction in the economic sphere has also built trust and understanding, which in turn has spread to other more sensitive issue areas. This applies both through spillover, as predicted by functionalist theories (although there have been no infringement on sovereignty), and through trust and understanding on a more informal and personal level, which is important for successful negotiation and communication. Overall, when accounting for all direct and indirect effects of the economic integration and interdependence, its role for the relative peace has been high.

\textbf{Building trust and transforming relations}

The regionalisation process has since the early 1990's fundamentally transformed relations in the region, including how the states perceive each other and construct their interests. The relative importance of the conflicts in the SCS on the greater Sino-ASEAN agenda has decreased and conflict avoidance has become the preferred path. The importance of the SCS has been downplayed, and the shared interest of ensuring a peaceful resolution has been emphasised. This way, regionalisation has also had a moderate conflict preventive impact by preventing negative relations in the SCS from escalating.

Regionalisation has created unprecedented interactions between China and ASEAN, which has also been an important trust-building exercise. As argued by a Hong Kong strategic thinker, in East Asia trust is "depending on reciprocity" and there is "no good and easy way to build trust. It takes time and is not built quickly".\textsuperscript{67} Here China has tediously built trust and confidence by repeating its behaviour, gaining credibility among the ASEAN members. This has over time altered
the perceptions of the other, and the interpretations of each other's interests have been transformed. A joint understanding have developed that the actors share certain interests, and that they all benefit from cooperation. In addition, through a mutual and reciprocal confidence and trust building process, the level of trust between China and ASEAN has reached unprecedented levels. Currently, the two actors not only have an agreed interest in cooperation, but also the trust and confidence needed to do so successfully. Together, they have been of high importance for the overarching peace building process.

There have been nascent developments towards a shared regional identity, as a result of the increasingly deep integration and the active work for an East Asian community. These developments have altered the ideational and normative structures within Sino-ASEAN relations, which have made possible a re-assessment of interests with regard to the SCS and in how these interests are being pursued. In theoretical terms, the identity building process has affected how the actors define their interests, how they perceive their counterparts, and how they behave. These types of changes do occur, and has already done so, regardless of whether the regional identity building exercises is successful. The process itself has altered the social identities of the parties, given that identities are continuously being reconstructed. The identities, in turn, influence interest, perceptions, and behaviour. That said, the greater the development of common norms and values, the better for peace. So far, the process has been moving in a positive direction. Indeed, the changes in the early 2000s, when China acceded into TAC and signed the 2002 declaration on the SCS are clear examples of this. These transformations are still valid, despite the more assertive stance taken by the Chinese since 2007. The multilateral frameworks that have been developed are still there, and the integration and the East Asian community building process have been continuing. Overall, the relations are still good, though there have been an increased caution about the Chinese intentions and a certain increase on the perceived importance of keeping the U.S. presence in the region, which will be discussed in the next section.

The general acceptance and institutionalisation of the ASEAN-way is an important manifestation of the relative peace, as it captures the ideational and normative transformations that have taken place. The regional integration and interdependence, in the economic and other spheres, have also created an incentive for avoiding confrontation. Equally important is the cost of losing the mutual trust that has tediously been build up through the Sino-ASEAN engagement process. This tediously developed trust forms the basis of Sino-ASEAN relations, and great efforts are taken by both sides to ensure continuous positive relations.

All in all, regionalisation has been of high importance for the relative peace in the SCS and in the overarching Sino-ASEAN relations. It has been the foremost peace building process, being a long-term process that both promotes and encompasses the development of positive relations between states and non-state groups. In fact, the East Asian community building is promotion of conditions conducive to peace in its clearest form. In addition to its long-term role, it has had a moderate conflict preventive impact.

The role of the United States

There is a consensus among strategic thinkers of varying schools of thought that the U.S. has played a role in the South China Sea, although they differ in their interpretation of the American influence. From a constructivist perspective, the U.S. is "thought to be important" it is therefore "induced with centrality" and the U.S. might is assumed. The perception of the U.S. as a safeguard against a rising
China has had a stabilising effect, by creating a feeling of security within ASEAN. This feeling has created more space for ASEAN to “constructively engage” China, as the feeling of security has limited the fear of becoming more dependent on China. It has also been beneficial for China in its attempts to engage the ASEAN without creating fears about its intentions.

The perception of the U.S. as a central and powerful actor result in its presence creating a framework for acceptable behaviour that constrains and influences their behaviour of regional also with regard to the SCS. In practice, this framework does only affect behaviour on the margin in the case of the SCS. As the U.S. interest is limited to the preservation of the status quo and the freedom of navigation, its involvement can only be expected in extreme cases. Indeed, in the case of the SCS, the U.S. has not recognized any of the claims of the parties, and there are no commitments to peace beyond a potential intervention if the situation in the SCS would endanger the freedom of navigation. In theoretical terms, the U.S. is reluctant to get involved beyond conflict prevention, and it has done little to resolve the underlying issues. This lack of interests was made clear when the U.S. declined to offer its Philippine ally support during the 1995 Mischief Reef incident. Still, despite the limitations of the U.S. engagement in the SCS, it has had a moderate indirect effect for the relative peace building by creating space for the development of positive relations. It would be an exaggeration to say that the U.S has been a precondition for peace, but it has without question been a catalyst.

For conflict prevention, the U.S. did play a role in particular during the early 1990s, when the SCS dispute was at its most critical level. It did, during this period, work as a stabilising force by its effort to prevent an escalation into war and as a balancer of Chinese military power. However, when assessing the underlying explanations for the lack of war during the 1990s, it should be remembered that the Chinese military was still relatively weak. Most importantly in the SCS context, China had at the time no blue water capability to project force into the South China Sea. Consequently, it lacked capacity for any long-term forward presence in the case of a conflict in the South China Sea. Thus, it is highly questionable if China would have been able to secure far away areas in the SCS, including the Spratlys and the Paracel Islands. Since Sino-ASEAN relations were transformed in the latter part of the 1990s, the U.S. has been of little conflict preventive impact. The U.S.’s role was limited to ensuring that the Chinese avoid any hasty military actions in the SCS. Put simply, the conflict intensity level of the SCS dispute has not corresponded to a real risk of an escalation large enough to trigger a U.S. reaction.

Conclusion

It is clear that both the SCS and the Sino-ASEAN relations have transformed from being Southeast Asia’s next flashpoint into a relatively stable peace. In the SCS dispute, peace can best be described as situated between the unstable and stable level. Indeed, the probability of war is small, but not to the extent that the level of peace has transcended the stage where war does not happen and moved into a situation where war is perceived as something that will not happen. At the same time, the tensions are not so high as to define it as unstable peace. As a manifestation of Sino-ASEAN relations, the SCS dispute tilts towards a stable peace.

The stability of the peace is dependent on how much faith one puts into China's commitment to a peaceful settlement of the South China Sea dispute and the continuing progression of the East Asian regionalisation and community building processes. The assessment here is that the Sino-ASEAN relations have transformed to the extent that in the current scenario, war is becoming
more and more unthinkable. Some issues remain unresolved, but the positive relations have built solid conditions conducive for peace. Central to this assessment is the tediously built trust between China and ASEAN, the institutionalised regionalisation through the APT process, and the acceptance of the "ASEAN-way". To the extent there have been negative developments since 2007, they have been balanced out with the U.S. commitment to safe guarding peace and the fact that ASEAN has already taken a long-term perspective on China's rise. As argued by Shaun Breslin, ASEAN considers "China's continued rise an inevitable fact of economic life ... Just as financial markets discount future economic shocks – for example, oil price rises – by dealing with them before they occur, so ASEAN leaders have discounted China's future economic rise".73

Two interlinked types of processes have been of high importance for the relative peace: elite interactions and regionalisation (see table two). The proliferation of elite interactions has been of high importance for the building and upholding of the relative peace in the SCS and in the overarching Sino-ASEAN relations. Both the conflict prevention and peace building impact has been high. This is the case despite regionalisation being the most important process for peace building. The Sino-ASEAN and East Asian regionalisation process has been of high importance for the relative peace, moving relations towards a stable peace both between China and ASEAN, and in the SCS. It is a concrete example of how negative relations are minimised by increasing the level of positive relations. In addition to its long-term impact, it has also been of moderate importance for conflict prevention.

Table 1: Matrix of the relative importance of the identified processes.

<table>
<thead>
<tr>
<th>Type of process</th>
<th>The Relative Peace</th>
<th>(Short Term) Conflict Prevention</th>
<th>(Long Term) Peace Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elite interactions</td>
<td>HIGH</td>
<td>HIGH</td>
<td>HIGH</td>
</tr>
<tr>
<td>Regionalisation</td>
<td>HIGH</td>
<td>MODERATE</td>
<td>HIGH</td>
</tr>
<tr>
<td>The U.S. Role</td>
<td>MODERATE</td>
<td>LOW</td>
<td>MODERATE</td>
</tr>
</tbody>
</table>

Together, elite interaction and regionalisation has successfully transformed the way China and ASEAN perceives and behave towards each other. The development of shared identities is seen most clearly in the identification with the "ASEAN-way", and in the shared goal of transforming EII and the APT process into an East Asian community. The transformation of perceptions and behaviour is particularly obvious in the shifting view of China - from threat, to partner – by the ASEAN and its members. The combination of "comprehensive engagement" by the ASEAN vis-à-vis China, and China's "soft power" approach with the aim of becoming accepted as a responsible regional power (including taking others interest into account and to accept multilateral engagement with its neighbours) has been highly important for the transformation of this perception. Here, the trust building process is, in itself, a peace building mechanism, as it increases positive relations and builds conditions for a stable peace. Moreover, it is also a mechanism for conflict prevention since the risk of quickly losing its tediously built trust gives China a strong incentive to avoid actions that
could be perceived as threatening by the ASEAN. The transformed perceptions and behaviours does, together with the shared identities, work as a structure. They define acceptable state behaviour, how behaviour and interests are to be communicated and legitimised, and what is within the realm of possible behaviour in the first place. In addition, as a result of the engagement, both parties’ ability to cooperate has been substantially enhanced.

Lastly, the U.S. has been positive for the relative peace. The U.S. has been of moderate importance for peace building by generating a feeling of security in Southeast Asia, thereby creating space for the ASEAN to engage China and vice versa. The U.S. has also created a framework for acceptable behaviour among the regional actors. However, the impact has been more limited in this case, as its commitment has been both narrow and ambiguous. Its overall conflict preventive impact is assessed as low, as With the exception of the SCS in the 1990s, the relations between the conflicting parties have been at a level where their behaviour does not endanger U.S. interests. Together with the moderate peace building impact, the U.S has been of moderate importance for the relative peace. To argue that there would have been war without the U.S. is to overestimate its role, but its presence has been positive for the development of peaceful relations between China and ASEAN, including the relative peace in the SCS.

1 A version of this chapter has been published in Asian Perspective Vol. 34 No. 3, pp. 35-69. ("The South China Sea Conflict and Sino-ASEAN Relations: A Study in Conflict Prevention and Peace Building"). The author wants to thank Asian Perspective for allowing re-publication.
2 Interview, Singapore, 7 Dec 2010.
3 Andrew Tanzer, 'Asia’s Next Flash Point?', Forbes, 150/10 (10/26/92 1992), 96-100.
12 Interviews with strategic thinkers, Singapore, Dec 2010.
14 e.g. Christian Caryl, ‘Panda-Hugger Hangover’, Foreign Policy, (2010).
19 After the original funder Canada cut its funding in 2001, it was decided on a special meeting in Jakarta August 2001 to continue the workshops in an “informal, unofficial and track-two way, focusing on building confidence and cooperation while avoiding controversial, political and divisive issues” Hasjim Djalal, ‘Managing Potential Conflicts in the South China Sea’, in SōNg-Ho Kang et al. (eds.), Conflict Resolution and Peace Building: The Role of NGOs in Historical Reconciliation and Territorial Issues (Seoul, Korea: Northeast Asian History Foundation, 2009a) at 77. These workshop have been funded by the help of voluntary donations from government and non-governmental funders. Since 2001, nine workshops have been organised on an annual basis, most recently in Bandung in November 2010. (Hasjim Djalal in this volume) In practice these workshops have mainly been a framework for technical cooperation.
23 Djalal, ‘Preventive Diplomacy and the South China Sea’, at 46.
25 Institute of Southeast Asian Studies, Entering Unchartered Waters? Asean and the South China Sea Dispute (Conference Summary), (Singapore: ASEAN Studies Centre, 2011).
26 Interviews with strategic thinkers in China, Taipei, Hong Kong, South Korea, Japan, United Kingdom, Sweden, and Denmark, 2004 - 2008.
28 Interview with senior member of a Chinese government think tank, Shanghai, China, 15 December 2006.
29 Interview, Shanghai, China, 15 December 2006.
31 Ibid.
32 Interview with a senior member of a government think tank, Shanghai, China, Dec 15, 2006, and with a China expert, United Kingdom, Jun 12, 2008.
Weissmann: Why is there a relative peace in the SCS?

34 Data from Japan Center for International Dialogue and Exchange, Research Monitor (Available at http://www.jcie.or.jp/ DRM/, accessed October 2010.)
35 Interview with senior member of government think-tank affiliated with a number of track two frameworks including NEAT and CSCAP, Shanghai, China, 12 May 2007. The same line of argumentation were raised in interviews with track two participants from East Asia as well as Europe.
36 Interviews with scholars with extensive experience from track two processes, Fudan University and Shanghai Institute of International Studies, Shanghai, China, 14-15 Dec 2006. This idea was also reoccurring in the interviews conducted in China between Nov 2004 and Dec 2008 and in Singapore Dec 2010.
40 Interview, United Kingdom, Jan 2008.
41 Interview, Singapore, 7 Dec 2010.
45 Interview with strategic thinker, Hong Kong, China, Dec 2006.
46 Ibid.
47 Xiao, 'Between Adapting and Shaping: China's Role in Asian Regional Cooperation', (at 304).
48 Interview with member of government think-tank, Shanghai, China, 15 Dec 2006.
49 Interview with member of government think tank, Shanghai, China, Dec 2006.
51 Interview with senior scholar, Fudan University, Shanghai, China, 14 Dec 2006.
52 Ibid.
55 Zha and Hu, Building a Neighborly Community: Post-Cold War China, Japan, and Southeast Asia at 133.
56 Keohane, International Institutions and State Power: Essays in International Relations Theory at 3.
57 Lamy, 'Neo-Realism and Neo-Liberalism', at 189.
58 Interviews with senior experts on East Asian security from Beijing, Shanghai, Hong Kong, and Singapore, Beijing Jul 2006 - Jun 2007; Shanghai Nov - Dec 2006; May 2007; Hong Kong Dec 2006.
59 Zha and Hu, Building a Neighborly Community: Post-Cold War China, Japan, and Southeast Asia at 121-22.
62 Chin and Stubbs, 'China, Regional Institution-Building and the China–Asean Free Trade Area', (at 189.
63 Zha and Hu, Building a Neighborly Community: Post-Cold War China, Japan, and Southeast Asia at 181-89.
65 Interview with member of government think tank, Shanghai, China, 15 Dec 2006.
66 Ibid.
Weissmann: Why is there a relative peace in the SCS?

67 Interview, Hong Kong, China, Dec 2006.
68 Interview with East Asian expert, United Kingdom, 10 Jan 2008.
70 Interview with East Asian security expert, United Kingdom, 8 Nov 2008.
73 Breslin, 'Comparative Theory, China, and the Future of East Asian Regionalism[1]', (at 725.)