

SOUTH CHINA SEA DISPUTES: CHALLENGES AND OPPORTUNITIES FOR PRESERVING REGIONAL STABILITY

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Article	Abstract
Keywords: South China Sea, Disputes, Regional Stability;	<p>The South China Sea (SCS) is a crucible of overlapping sovereignty claims, strategic rivalry, and valuable maritime resources. This article examines the principal challenges that the SCS disputes pose to regional stability—great power rivalry, ASEAN fragmentation, militarization and gray-zone coercion, and limitations of international law enforcement—and explores opportunities to mitigate tensions through diplomacy, legal instruments, confidence-building measures, and regional capacity-building. The study uses recent empirical evidence on trade flows, energy and fisheries significance, maritime incidents, and legal outcomes (notably the 2016 arbitral award) to assess the prospects for stability. The analysis argues that while legal rulings and multilateral norms provide an essential normative framework, political commitment, robust ASEAN coordination, and pragmatic, enforceable mechanisms (including an effective Code of Conduct) are necessary to transform the South China Sea from a chronic flashpoint into an arena of managed cooperation.</p>
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Introduction

The South China Sea (SCS) sits at the crossroads of global commerce and regional geopolitics. It hosts vital sea lines of communication, substantial energy resources, and a dense concentration of maritime law and sovereignty disputes among China, the Philippines, Vietnam, Malaysia, Brunei, and Taiwan. This paper synthesizes legal foundations under the 1982 United Nations Convention on the Law of the Sea (UNCLOS), jurisprudential developments stemming from the 2016 arbitral award in Philippines v. China, and the evolving security dynamics across 2023–2025, including intensified coast guard encounters and ongoing ASEAN-China Code of Conduct (COC) negotiations.¹ After mapping risk pathways—from miscalculation to gray-zone coercion—the study proposes a layered stability framework: (i) legal and norms reinforcement; (ii) crisis management and hotlines; (iii) confidence-building measures (CBMs) at sea; (iv) cooperative resource and environmental management; and (v) inclusive, rules-based maritime domain awareness (MDA). The analysis concludes that while strategic competition will persist, pragmatic, incremental arrangements can reduce escalation risks and preserve the SCS as a global commons.

The South China Sea (SCS) is central to the geopolitics and economy of Asia. Roughly one-third of global maritime trade transits the SCS; energy shipments, fisheries, and potential hydrocarbon reserves make the sea strategically and economically vital to coastal and extra-regional states alike. Against this backdrop, overlapping sovereignty claims—most prominently China’s “nine-dash line” and competing claims by the Philippines, Vietnam, Malaysia, Brunei, and

¹ Permanent Court of Arbitration, South China Sea Arbitration (The Republic of the Philippines v. The People’s Republic of China), Award of 12 July 2016.

Taiwan—have produced recurring diplomatic tensions, localized incidents at sea, and accelerated militarization of maritime features.²

The South China Sea (SCS) lies at the heart of the Indo-Pacific, bounded by China and Taiwan to the north, the Philippines to the east, Malaysia and Brunei to the south, and Vietnam to the west. The region contains hundreds of features—reefs, rocks, low-tide elevations, and islands—grouped mainly within the Spratly and Paracel archipelagos. Overlapping claims involve sovereignty over maritime features and the delimitation of maritime zones including territorial seas, exclusive economic zones (EEZs), and continental shelves. Beyond sovereignty, the SCS is an arena for competition in norms, law, and strategic influence, with implications for freedom of navigation, regional security architectures, and global supply chains.

This paper examines how legal rulings, economic interdependence, military postures, and regional diplomacy interact to shape stability. Drawing on UNCLOS, the 2016 arbitral award in Philippines v. China, and the latest developments up to 2025, the paper assesses challenges and identifies opportunities to reduce risks while safeguarding the SCS as a rules-based maritime commons.

Method

This study employs a normative juridical research method, which examines law as a normative system by analyzing secondary legal materials, including legal norms, doctrines, and authoritative legal sources.³ This method is adopted because the main focus of the research lies in the analysis of international legal norms governing maritime regimes and dispute settlement mechanisms, particularly the

² UNCTAD. (2024). Review of Maritime Transport 2024. <https://unctad.org/publication/review-maritime-transport-2024>

USGS. (2012). An estimate of undiscovered conventional oil and gas resources of the world. <https://pubs.usgs.gov/fs/2012/3042/fs2012-3042.pdf>

³ Soerjono Soekanto and Sri Mamudji, *Normative Legal Research: A Brief Overview*, RajaGrafindo Persada, Jakarta, 2001. hlm. 13–14.

provisions of the United Nations Convention on the Law of the Sea (UNCLOS) 1982⁴ and the South China Sea Arbitration Award in the case of *The Republic of the Philippines v. The People's Republic of China* 2016.⁵

The statute approach is applied to examine relevant international legal instruments, including UNCLOS 1982, the Declaration on the Conduct of Parties in the South China Sea (DOC) 2002,⁶ as well as official ASEAN documents related to the negotiation of the Code of Conduct (COC). This approach aims to identify legal principles, as well as the rights and obligations of coastal States, and the normative framework that underpins governance and regional stability in the South China Sea.

Furthermore, the conceptual approach is employed to analyze key concepts in international maritime law and international relations, such as the exclusive economic zone (EEZ), historic rights, freedom of navigation, and the rules-based maritime order.⁷ This approach facilitates a deeper understanding of how divergent interpretations of these legal concepts contribute to disputes and tensions in the South China Sea.

The case approach is conducted through an in-depth analysis of the 2016 South China Sea Arbitration Award, including the tribunal's legal reasoning (*ratio decidendi*) and its implications for the maritime claims of the parties concerned. This analysis is essential to assess the role of international law as a normative framework for maintaining regional stability, despite its inherent limitations in terms of enforcement. The legal materials used in this research consist of primary legal materials, including international treaties, judicial and

⁴ United Nations, *United Nations Convention on the Law of the Sea*, 1982.

⁵ Permanent Court of Arbitration, *South China Sea Arbitration (The Republic of the Philippines v. The People's Republic of China)*, Award of 12 July 2016.

⁶ ASEAN, *Declaration on the Conduct of Parties in the South China Sea*, 2002.

⁷ Malcolm N. Shaw, *International Law*, 9th ed., Cambridge University Press, Cambridge, 2021.

arbitral decisions, and official documents issued by international organizations.

Result and Discussion

A. Strategic and Economic Significance

Maritime Trade and Chokepoints. The SCS is among the world's busiest waterways. Estimates commonly hold that roughly one-third of global maritime trade transits these waters. Energy flows are particularly salient, linking the Indian Ocean via the Strait of Malacca to Northeast Asia's manufacturing hubs. The SCS thus functions as a critical artery for energy security, manufacturing value chains, and just-in-time logistics.⁸

Energy Resources. While the densest hydrocarbon prospects lie along continental margins, the SCS as a whole is believed to contain significant proved and probable resources, with additional undiscovered potential. These resources drive exploration interests and can sharpen jurisdictional disputes over seabed rights. **Environmental Stakes.**⁹ Coral ecosystems, fisheries, and biodiversity face mounting pressure from overfishing, land reclamation, and climate-related stressors. Cooperative environmental governance is a low-politics entry point for confidence-building and crisis avoidance.

⁸ Center for Strategic and International Studies (CSIS). (n.d.). How much trade transits the South China Sea? <https://chinapower.csis.org/much-trade-transits-south-china-sea/>

⁹ EIA. (2024, March 21). Regional Analysis Brief: South China Sea. https://www.eia.gov/international/content/analysis/regions_of_interest/South_China_Sea/south_china_sea.pdf

Figure 1. Estimated share of global maritime trade via the South China Sea (illustrative).

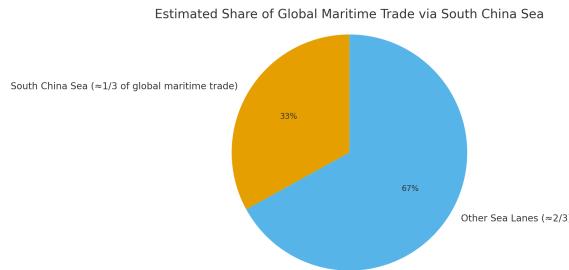


Figure 2a. Oil resource estimates (proved+probable vs. undiscovered).

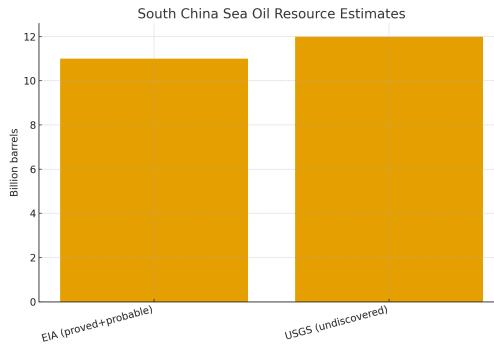
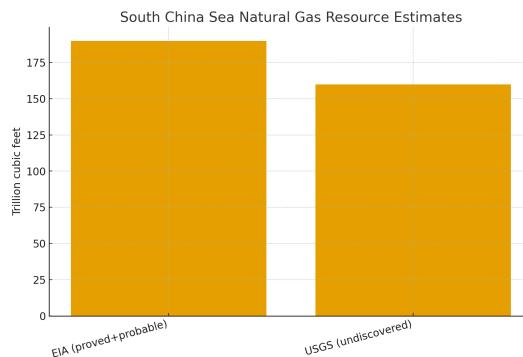


Figure 2b. Natural gas resource estimates (proved+probable vs. undiscovered).



B. Parties and Claims

The principal claimants are China, the Philippines, Vietnam, Malaysia, and Brunei; Taiwan maintains claims largely aligned with those of the Republic of China prior to 1949. China's dashed-line claim—now depicted as a “ten-dash line” in some official representations—overlaps extensively with the exclusive economic zones (EEZs) generated from the coastlines of Southeast Asian states under the United Nations Convention on the Law of the Sea (UNCLOS).¹⁰ Indonesia does not claim any features in the Spratly Islands but faces recurring Chinese fishing and coast guard activities within its EEZ around the Natuna Islands.¹¹

At the core of these disputes lies a fundamental divergence in the basis of maritime claims. Southeast Asian claimant states predominantly ground their positions in UNCLOS-based entitlements derived from coastlines and recognized maritime zones, whereas China emphasizes a combination of historical narratives, cartographic representations, and administrative practice. This divergence has generated persistent legal ambiguity and competing interpretations of maritime rights, complicating efforts to establish a shared framework for dispute management.

The Philippines' claims focus on maritime entitlements within its EEZ and continental shelf, as well as sovereignty over specific features such as Scarborough Shoal. The 2016 arbitral award in *Philippines v. China* significantly strengthened Manila's legal position by clarifying that maritime rights must derive from land features consistent with UNCLOS and by rejecting claims to historic rights that

¹⁰ Breaking Defense. (2023, Sept. 1). New Chinese 10-Dash map sparks furor across Indo-Pacific. <https://breakingdefense.com/2023/09/new-chinese-10-dash-map-sparks-furor-across-indo-pacific-vietnam-india-philippines-malaysia/>

¹¹ Saputra, Niko Ryan, Fauzan Arif Ramadhan, and Albiz Raditya Susilo. “Sengketa Wilayah Perairan Laut Natuna antara Indonesia dan China dalam Perspektif Hukum Internasional.” *Jurnal Gagasan Hukum* 6, no. 1 (2025). <https://doi.org/10.31849/jgh.v6i01.18427>

exceed convention-based limits. Despite the legal clarity provided by the award, enforcement challenges remain, limiting its practical impact on the ground.¹²

Vietnam asserts sovereignty over both the Paracel and Spratly Islands, relying on historical administration and continuous state presence, while simultaneously emphasizing UNCLOS-consistent EEZ and continental shelf rights. Hanoi has been particularly vocal in opposing expansive dashed-line claims and has sought to modernize its maritime law enforcement capabilities in response to increasing incidents involving foreign vessels. Vietnam's approach reflects a dual strategy of legal assertion and capacity enhancement aimed at protecting its maritime interests.

Malaysia and Brunei adopt comparatively lower-profile approaches, concentrating primarily on maritime entitlements rather than sovereignty over disputed features. Malaysia's claims in the southern Spratlys are closely linked to its continental shelf rights, as demonstrated by its extended continental shelf submission to the United Nations in 2019. Brunei, by contrast, limits its claims to maritime zones off its coastline and avoids asserting sovereignty over contested features, reflecting a preference for minimizing diplomatic confrontation.

Taiwan's position adds an additional layer of complexity to the disputes. Although it administers Itu Aba (Taiping Island), the largest natural feature in the Spratlys, Taiwan is not a party to UNCLOS and is largely excluded from regional diplomatic processes. Nevertheless, its claims mirror those of pre-1949 China, creating overlapping legal and political positions that complicate comprehensive dispute resolution.

¹² Sari, Dessy Kartika, and Levina Yustitianingtyas. "Pelaksanaan Putusan Arbitrase Internasional terhadap Penetapan Kepemilikan Pulau Scarborough Shoal di Laut Cina Selatan." *Perspektif Hukum* 18, no. 2 (2025). <https://doi.org/10.30649/ph.v18i2.146>

Overall, the multiplicity of claimants and the diversity of legal justifications underscore the fragmented nature of the South China Sea disputes. Overlapping EEZs, contested feature status, and divergent interpretations of international law have produced a highly complex maritime landscape. This fragmentation not only heightens the risk of incidents at sea but also underscores the need for cooperative mechanisms and confidence-building measures that can manage disputes pragmatically in the absence of comprehensive settlements.

A simplified summary of salient claims is provided in Table 1. Specific baselines, the legal status of individual features, and maritime zones remain subject to dispute and, in some cases, adjudicative findings.

Claimant	Nature of Claim (high-level)	Key Areas	Notes
China (PRC)	Dashed-line claim; sovereignty over various features; maritime zones derived therefrom	Paracels, Spratlys, Scarborough Shoal	Non-acceptance of 2016 award; expanding coast guard law enforcement presence
Philippines	Sovereignty over certain Spratly features & Scarborough; EEZ/CS entitlements from archipelagic baselines	West Philippine Sea; Second Thomas Shoal; Scarborough Shoal	Prevailed in 2016 arbitration on key submissions

Vietnam	Sovereignty over Paracels/Spratlys; EEZ/CS entitlements	Paracels, Spratlys	Opposes dashed-line claim; modernizing maritime law enforcement
Malaysia	EEZ/CS entitlements; sovereignty over select features	Southern Spratlys	2019 CS submission (extended shelf) contested by China
Brunei	EEZ/CS entitlements	Luce Bay (off NW Borneo) & adjoining areas	Claims maritime zones, not features
Taiwan (ROC)	Claims mirroring historical ROC claims; administers Itu Aba (Taiping) Island	Taiping/Itu Aba	Not party to UNCLOS; de facto control of largest natural feature in Spratlys
Indonesia	No feature claim; EEZ around Natuna Islands	North Natuna Sea	Rejects dashed-line overlaps; frequent fisheries/CG incidents

C. Legal Framework: UNCLOS and the 2016 Award

Beyond its specific findings, the 2016 arbitral award holds broader significance for the interpretation and application of UNCLOS in semi-enclosed seas with overlapping claims. By affirming that maritime entitlements must derive from land features in accordance with the Convention, the tribunal reinforced the primacy of treaty-based rights over unilateral historical assertions. This clarification has contributed to greater legal certainty regarding the limits of lawful maritime claims, even in the absence of universal acceptance by all parties involved.

The rejection of the award by China underscores one of the central limitations of international adjudication in the maritime domain, namely the absence of compulsory enforcement mechanisms. UNCLOS relies largely on state consent and good faith compliance, meaning that legal rulings, while authoritative, do not automatically translate into changes in state behavior. As a result, the South China Sea illustrates the tension between the normative strength of international law and the realities of power politics, where strategic considerations may outweigh legal obligations.

Nevertheless, the continued invocation of UNCLOS and the 2016 award by regional and extra-regional actors demonstrates the enduring influence of legal norms in shaping diplomatic discourse and state practice. Coastal states in Southeast Asia have increasingly framed their positions in terms of UNCLOS-consistent entitlements, while external powers have cited the arbitral ruling to reinforce arguments in support of freedom of navigation and the rules-based maritime order. In this sense, the award functions as a legal benchmark against which competing claims and actions are assessed internationally.

Moreover, the interaction between UNCLOS and the 2016 arbitral jurisprudence highlights the role of law as a stabilizing, albeit indirect, factor in the management of maritime disputes. While legal

instruments alone cannot resolve sovereignty conflicts, they provide a common framework that constrains excessive claims and facilitates dialogue. This framework is particularly important in preventing the normalization of unlawful practices and in supporting confidence-building measures grounded in shared legal principles.

In sum, UNCLOS and the 2016 arbitration collectively form the legal backbone of the South China Sea dispute management architecture. Their significance lies not only in the specific rights and obligations they articulate, but also in their capacity to shape expectations of lawful conduct over time. When complemented by political will, diplomatic engagement, and regional cooperation mechanisms, this legal foundation remains essential for transforming the South China Sea from a zone of persistent contention into one of managed coexistence and stability.

D. Security Dynamics and Recent Developments (2023–2025)

The 2023 release of China's 'Standard Map' with a 10-dash line energized diplomatic protests. In 2024–2025, coast guard and maritime militia encounters intensified, especially near Second Thomas Shoal and Scarborough Shoal. Water-cannoning, ramming risks, and non-lethal force escalations became frequent, raising concerns about inadvertent escalation. Parallel to these pressures, regional and extra-regional navies sustained presence operations and combined exercises. These dynamics underscore an entrenched pattern of lawful navigation assertions, law enforcement pushback, and reputational signaling, all beneath the threshold of overt armed conflict.

Figure X illustrates key milestones that have shaped the security dynamics of the South China Sea (SCS) from 2002 to 2025, highlighting the gradual transformation of the region from a diplomacy-oriented environment toward one characterized by persistent strategic tension and gray-zone confrontation. The signing

of the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002 marked an early collective commitment by ASEAN member states and China to manage disputes peacefully and to exercise self-restraint in activities that could escalate tensions. As shown in Figure X, this milestone represented a normative foundation for confidence-building, although it lacked legally binding enforcement mechanisms.¹³

A major inflection point occurred in 2016 with the issuance of the arbitral award in Philippines v. China by the Permanent Court of Arbitration, which is also indicated in Figure X. The ruling clarified key legal questions regarding maritime entitlements under UNCLOS and rejected claims to historic rights that exceeded convention-based limits. While the award strengthened the normative clarity of international maritime law, its rejection by China limited its practical enforcement and contributed to a widening gap between legal norms and on-the-ground security practices.

The period after 2023, as depicted in Figure X, reflects a marked intensification of security tensions. The release of China's Standard Map featuring the so-called ten-dash line signaled a renewed assertion of expansive maritime claims and triggered strong diplomatic protests from several Southeast Asian states. This development coincided with a rise in maritime incidents, particularly around sensitive features such as Second Thomas Shoal, where repeated confrontations involving coast guard vessels and resupply missions were reported. These incidents illustrate a shift toward the normalization of gray-zone coercive tactics, including water-cannon use, dangerous maneuvering, and obstruction, aimed at altering the status quo without resorting to armed conflict.

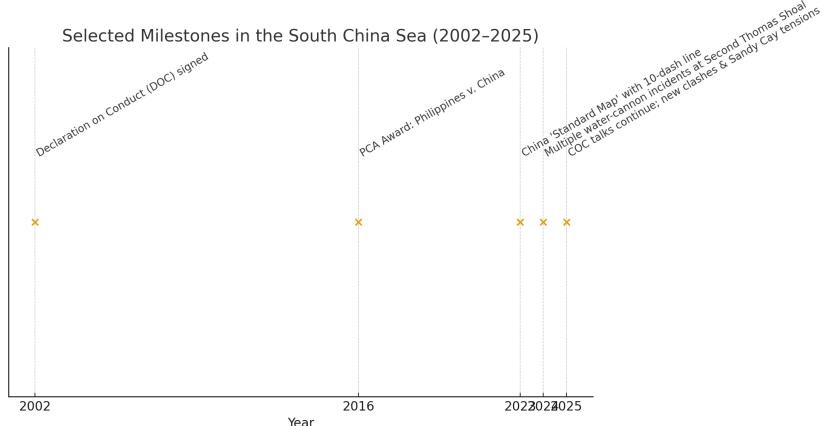
Figure X further demonstrates that by 2024–2025, the South China Sea had entered a phase of sustained low-intensity

¹³ ASEAN. (2002). Declaration on the Conduct of Parties in the South China Sea. <https://asean.org/declaration-on-the-conduct-of-parties-in-the-south-china-sea-2/>, accessed August 25, 2026.

confrontation. Despite ongoing negotiations toward a Code of Conduct (COC), new clashes and persistent frictions—such as those around Sandy Cay—underscore the limitations of existing diplomatic instruments in constraining unilateral behavior. The coexistence of continued COC talks with escalating maritime encounters suggests a condition of managed instability, in which escalation is deliberately contained but structural tensions remain unresolved.

Overall, the timeline presented in Figure X underscores the evolving nature of security dynamics in the South China Sea: from early normative optimism, through juridical clarification, to an era dominated by strategic competition and gray-zone operations. This trajectory highlights the urgent need for more robust crisis-management mechanisms and operationally effective rules of behavior at sea if long-term regional stability is to be preserved.

Figure 3. Selected milestones in the South China Sea (2002–2025).



E. ASEAN Diplomacy: From DOC to a Prospective Code of Conduct

ASEAN has long positioned itself as a central diplomatic actor in managing tensions in the South China Sea (SCS), emphasizing dialogue, restraint, and peaceful dispute settlement. Given the asymmetry of power between claimant states and the sensitivity of sovereignty issues, ASEAN diplomacy has focused on confidence-building and norm-setting rather than legally binding dispute resolution. This approach reflects ASEAN's broader diplomatic culture, which prioritizes consensus, non-interference, and gradualism in addressing complex regional security challenges.

A foundational milestone in this diplomatic effort was the adoption of the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002. The DOC represented a political commitment by ASEAN member states and China to exercise self-restraint, refrain from actions that could escalate disputes, and promote cooperative activities such as marine environmental protection and scientific research. Although the DOC was not legally binding, it established an important normative framework that acknowledged the need for collective management of tensions in the SCS.

Despite its symbolic significance, the DOC has faced persistent implementation challenges. Its lack of enforcement mechanisms and vague language have limited its effectiveness in constraining unilateral actions, particularly as maritime activities and strategic competition intensified in subsequent years. As incidents at sea continued to occur, questions emerged regarding ASEAN's ability to uphold the principles enshrined in the DOC and to prevent the gradual erosion of trust among parties.

In response to these limitations, ASEAN and China initiated discussions toward the development of a more substantive and potentially binding Code of Conduct (COC). The COC was

envisioned as a means to translate the broad principles of the DOC into concrete rules governing behavior at sea, crisis management, and dispute avoidance. Negotiations formally accelerated in the mid-2010s, reflecting growing recognition of the need for clearer and more operational norms amid rising tensions.

However, progress toward a finalized COC has been slow and uneven. Divergent interests among ASEAN member states, differing interpretations of international law, and disagreements over the legal status, geographic scope, and enforcement provisions of the COC have complicated negotiations. Some states advocate for a legally binding instrument aligned with UNCLOS, while others prioritize flexibility and political accommodation, reflecting internal divisions that weaken ASEAN's collective bargaining position.

External geopolitical dynamics have further influenced the COC process. Intensifying strategic competition among major powers in the Indo-Pacific has heightened the stakes of the South China Sea, making consensus more difficult to achieve. At the same time, concerns persist that an inadequately designed COC could inadvertently legitimize excessive maritime claims or constrain the involvement of external actors, thereby altering the regional balance in ways that undermine broader security interests.

Nevertheless, the COC negotiations continue to serve an important diplomatic function by providing a sustained platform for dialogue between ASEAN and China. Even in the absence of a finalized agreement, the negotiation process itself contributes to crisis management by institutionalizing communication channels and reinforcing expectations of peaceful engagement. In this sense, the COC process reflects ASEAN's preference for incremental progress rather than abrupt or confrontational solutions.

Ultimately, the transition from the DOC to a prospective Code of Conduct underscores both the strengths and limitations of ASEAN diplomacy in the South China Sea. While ASEAN has succeeded in

keeping dialogue alive and preventing large-scale conflict, its consensus-based approach constrains the speed and ambition of institutional outcomes. The effectiveness of a future COC will depend not only on its legal form, but also on the political will of the parties to implement and uphold it. Strengthening ASEAN unity and aligning the COC with international legal principles remain essential for ensuring that ASEAN diplomacy contributes meaningfully to long-term stability in the SCS.

F. External Stakeholders and Great-Power Competition

Extra-regional actors—including the United States, Japan, Australia, India, the European Union, and the United Kingdom—frame the South China Sea (SCS) as a critical test of the rules-based international order and freedom of navigation. Freedom of Navigation Operations (FONOPs), joint patrols, capacity-building for Southeast Asian coast guards, and the expansion of maritime domain awareness (MDA) networks have intensified in recent years. While these initiatives aim to deter unilateral changes to the status quo, they also risk reinforcing strategic polarization and provoking counter-measures. Consequently, calibrated engagement that supports regional autonomy and ASEAN centrality remains vital.

Beyond normative considerations, extra-regional involvement in the SCS is driven by tangible strategic and economic interests. The uninterrupted flow of global trade and energy shipments through the region directly affects the economic security of these actors. As a result, their engagement extends beyond military activities to include diplomatic coordination, legal advocacy, and institutional support for international maritime governance grounded in the principles of the United Nations Convention on the Law of the Sea (UNCLOS).

The United States has assumed a leading role through regular FONOPs designed to challenge what it considers excessive maritime claims and restrictions on lawful passage. These operations are

accompanied by official statements emphasizing adherence to international law and freedom of navigation. However, from China's perspective, such actions are often interpreted as strategic containment rather than neutral legal enforcement, thereby contributing to a persistent security dilemma and mutual distrust between major powers operating in the SCS.¹⁴

Japan and Australia have adopted a complementary approach by prioritizing maritime capacity-building and law-enforcement cooperation with Southeast Asian states. Through the provision of patrol vessels, training programs, and surveillance assistance, both countries seek to enhance regional states' ability to protect their maritime rights and enforce domestic law within their exclusive economic zones. Although these initiatives strengthen regional resilience, they also deepen strategic alignments that may complicate ASEAN's efforts to maintain neutrality.

India and the European Union represent a more normative dimension of extra-regional engagement. India's involvement is embedded within its broader Indo-Pacific strategy, emphasizing freedom of navigation and opposition to coercive changes to the status quo. Similarly, the European Union has articulated its interest in the SCS through policy frameworks and limited naval deployments that stress respect for UNCLOS and peaceful dispute settlement, reinforcing the legal foundations of maritime order without seeking a dominant security role.

The United Kingdom's renewed presence in the Indo-Pacific, including naval deployments and participation in multinational exercises, further underscores the growing internationalization of the South China Sea disputes. While such involvement signals collective support for international norms, it also increases the density of naval

¹⁴ Reuters. (2024, June 16). China coast guard says Philippine supply ship bumped Chinese ship in South China Sea. <https://www.reuters.com/world/asia-pacific/china-coast-guard-says-philippine-supply-ship-illegally-intruded-waters-second-2024-06-16/>

and coast guard operations in contested waters. This heightened operational environment raises the risk of incidents and miscalculation, particularly in the absence of robust crisis-management mechanisms.

Ultimately, the contribution of extra-regional actors to stability in the South China Sea depends on their ability to balance deterrence with reassurance. Engagement that is perceived as confrontational or exclusionary risks undermining ASEAN unity and provoking counter-balancing behavior. In contrast, support that reinforces ASEAN-led processes, respects regional sensitivities, and complements diplomatic initiatives—such as the ongoing negotiations toward a Code of Conduct—can help preserve the SCS as a shared maritime domain governed by international law rather than zero-sum power politics.

G. Risk Pathways and Escalation Dynamics

Frequent miscalculation and close-quarters encounters constitute one of the most immediate risk pathways toward escalation in the South China Sea (SCS). Interactions among coast guard vessels, maritime militia, and naval forces often occur in congested and contested waters, where unclear jurisdictional boundaries and overlapping enforcement claims prevail. The ambiguity surrounding rules of engagement and domestic legal mandates can incentivize brinkmanship, as actors seek to assert presence and resolve without triggering direct military confrontation.

Closely related to this risk is the growing reliance on gray-zone coercion as a strategic tool. Non-kinetic tactics—such as maritime blockades, water-cannoning, laser dazzling, and dangerous maneuvering—are deliberately calibrated to impose operational and psychological costs while remaining below the threshold of armed conflict. Although such measures reduce the likelihood of immediate warfare, their normalization erodes mutual trust and increases the

probability of accidents that could rapidly escalate beyond intended limits.

Legal and narrative contestation further complicates the security environment in the SCS. States increasingly employ lawfare strategies, selectively invoking international law, domestic legislation, and historical narratives to legitimize their actions. Simultaneously, information campaigns aimed at domestic and international audiences shape perceptions of legality and victimhood. These competing narratives harden negotiating positions and reduce political space for compromise, making de-escalation more difficult even in the presence of diplomatic channels.

Environmental degradation and fisheries stress represent an additional, often underappreciated, source of persistent tension. Overfishing, coral reef destruction, and habitat loss have significantly depleted fish stocks, intensifying competition between artisanal and industrial fishing fleets. In contested waters, fisheries enforcement frequently becomes entangled with sovereignty assertions, transforming resource management disputes into security incidents involving coast guards and maritime law enforcement agencies.

The interaction among these risk factors produces a reinforcing cycle of instability. Gray-zone coercion and legal contestation exacerbate mistrust, while environmental stress increases the frequency of encounters at sea. Each incident, even if minor in isolation, contributes cumulatively to an atmosphere of strategic suspicion and operational fatigue, thereby raising the likelihood of misjudgment and escalation.

Despite these challenges, the persistence of these risks also highlights the importance of preventive mechanisms. Enhanced communication protocols, incident-at-sea agreements, and standardized rules of behavior for coast guard interactions could significantly reduce the dangers associated with close-quarters encounters. Similarly, cooperative fisheries management and joint

environmental protection initiatives offer pragmatic avenues to address non-traditional security drivers of conflict without prejudicing sovereignty claims.

Ultimately, managing escalation risks in the South China Sea requires a comprehensive approach that integrates military, legal, environmental, and informational dimensions. Addressing miscalculation, gray-zone coercion, and resource stress in isolation is insufficient; instead, these challenges must be understood as interconnected components of a broader security ecosystem. Strengthening crisis-management mechanisms, reinforcing shared legal norms, and promoting cooperative resource governance are therefore essential to preventing localized incidents from evolving into broader regional instability.

H. Opportunities and Practical Confidence-Building Measures

Despite persistent tensions, the South China Sea (SCS) also presents meaningful opportunities for de-escalation through practical confidence-building measures (CBMs). Given the complexity of sovereignty disputes and the low likelihood of comprehensive legal settlements in the near term, CBMs offer a pragmatic approach to managing risks and preventing escalation. These measures do not require resolution of underlying claims, but instead focus on regulating behavior, enhancing transparency, and fostering cooperation in areas of shared interest.

One of the most immediate opportunities lies in strengthening communication and crisis-management mechanisms among maritime actors. The institutionalization of real-time hotlines between coast guards and naval authorities, supported by standardized incident-reporting procedures, can significantly reduce the risk of miscalculation during close-quarters encounters. Effective communication channels are particularly critical in the SCS, where

multiple actors operate in congested waters under ambiguous jurisdictional conditions.

Another important confidence-building avenue involves the expansion and operationalization of rules of behavior at sea. The Code for Unplanned Encounters at Sea (CUES), originally designed for naval forces, could be adapted and extended to cover coast guard and maritime law enforcement vessels, which are more frequently involved in frontline interactions. Clear guidelines on maneuvering, signaling, and the use of non-lethal measures would help establish predictable patterns of conduct and reduce the likelihood of accidental escalation.

Cooperative fisheries management represents a further practical opportunity for confidence-building. As fish stocks in the SCS continue to decline, competition among fishing fleets has become a recurrent source of friction. Joint fisheries management arrangements, including shared stock assessments, seasonal fishing moratoria, and coordinated enforcement against illegal, unreported, and unregulated (IUU) fishing, can mitigate tensions while addressing food security and livelihood concerns. Importantly, such arrangements can be designed without prejudice to sovereignty claims.

Environmental protection and marine scientific cooperation also offer low-politics entry points for collaboration. Joint initiatives focused on coral reef preservation, marine pollution response, and climate resilience can foster trust among claimant states while addressing shared environmental challenges. Because environmental degradation poses long-term risks to all coastal states, cooperation in this domain can generate mutual benefits and reinforce norms of peaceful coexistence.

Maritime domain awareness (MDA) cooperation constitutes another key confidence-building measure with significant stabilizing potential. Information-sharing on vessel movements, weather conditions, and maritime incidents—supported by satellite data and regional information fusion centers—can enhance transparency and reduce uncertainty. Capacity-building initiatives that assist smaller

Southeast Asian states in developing MDA capabilities are particularly important for promoting equitable participation and reinforcing ASEAN centrality.

Ultimately, the effectiveness of confidence-building measures in the South China Sea depends on sustained political commitment and institutional support. While CBMs cannot substitute for legal or diplomatic solutions to sovereignty disputes, they play a crucial role in managing day-to-day interactions and preventing crises. By incrementally building trust, enhancing predictability, and promoting cooperation in functional areas, practical confidence-building measures can help transform the SCS from a zone of persistent tension into one of managed competition and relative stability.

Conclusion

First, regional conduct in the South China Sea should be firmly anchored in the legal framework of the United Nations Convention on the Law of the Sea (UNCLOS) and the jurisprudence established by the 2016 arbitral award in *Philippines v. China*. While acknowledging the political realities and varying degrees of acceptance of international rulings, regional actors should avoid legal maximalism that could harden positions and undermine dialogue. Instead, UNCLOS should function as a shared normative baseline that constrains excessive claims, guides state behavior, and supports peaceful dispute management without forcing immediate resolution of sovereignty disputes.

Second, there is a pressing need to formalize coast guard-to-coast guard operational protocols through an expanded “CUES-Plus” framework. Given that most frontline interactions now involve coast guards and maritime law enforcement vessels rather than naval forces, extending and institutionalizing rules for communication, maneuvering, and the use of non-lethal measures is essential. Incorporating accountability mechanisms—such as penalties for non-compliance and third-party facilitation for incident investigations—

would enhance credibility and reduce the risk of miscalculation during close-quarters encounters.

Third, ASEAN should establish a standing South China Sea Environmental Peacebuilding Forum to address shared ecological challenges that transcend sovereignty disputes. Coordinated efforts in coral reef restoration, pollution response, and the enforcement of measures against illegal, unreported, and unregulated (IUU) fishing can serve as confidence-building tools while addressing urgent environmental degradation. By framing cooperation around environmental protection and human security, ASEAN can promote functional collaboration without prejudicing legal claims or territorial positions.

Fourth, joint development arrangements (JDAs) should be piloted in carefully selected areas, with a focus on gas resources and emerging carbon management initiatives such as carbon capture and storage (CCS). To minimize political sensitivity, such arrangements should be supported by escrow mechanisms, neutral technical operators, and clear legal safeguards ensuring that participation does not imply recognition of sovereignty claims. Properly designed JDAs can reduce incentives for unilateral exploitation while delivering shared economic and environmental benefits.

Fifth, pragmatic cooperation in maritime domain awareness (MDA) should be scaled up through regional information-fusion centers, data-sharing arrangements, and transparent capacity-building programs. Enhancing situational awareness improves safety at sea, supports law enforcement, and reduces uncertainty among maritime actors. Importantly, these initiatives should preserve ASEAN centrality, ensure open access to information, and avoid exclusive security architectures that could exacerbate strategic polarization.

Finally, regional and extra-regional actors should actively promote narrative de-escalation as part of broader crisis-management strategies. Public communication and strategic messaging should be

aligned with de-escalation objectives rather than domestic political mobilization or reputational signaling. By reducing inflammatory rhetoric and emphasizing restraint, transparency, and legal consistency, states can lower domestic escalation pressures and create greater diplomatic space for compromise and cooperation.

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