

**CHINA AND NEIGHBOURING COUNTRIES
IN THE SOUTH CHINA SEA DISPUTE:
AN UPDATE**

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Executive Summary

1. The South China Sea continues to be a flashpoint. ASEAN claimants are enmeshed in a round of defence diplomacy and naval capabilities expansion. Increasing US interference only fuels tensions further.
2. The Jokowi administration in Indonesia has adopted a rather pragmatic attitude towards its engagement with China, but not in the South China Sea issue; the president seems rather steadfast about defending against China's encroachment.
3. China-Vietnam relations have improved further with the visit of Vietnam Communist Party's general secretary to Beijing in early April 2015.
4. Vietnam has utilised the South China Sea dispute as a hedging tactic to secure its interests and to balance regional power, China, and extra-regional stakeholder, the United States.
5. The United States also manages to drag in actors such as Japan. The impacts of Japan's participation, under the name of a "collective self-defence right", remain to be seen.
6. US efforts in improving relations with Vietnam sent contradicting messages to its exchanges with ASEAN allies and non-democratic countries.
7. Both the United States and Vietnam have benefited from the meeting between Obama and Vietnam Communist Party General Secretary Nguyễn Phú Trọng. The United States is able to secure support for its ongoing Trans-Pacific Partnership Agreement while the Vietnam Communist Party is able to shield itself from immediate domestic upheaval.
8. For China, it is fine-tuning its posture in the South China Sea to be one of strategic expediency. Establishing a cooperative new great power relations with the United States is still on its agenda.