

Middle Powers and the South China Sea: Time to Step Up, or Step Out?

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Overview

The decision in July 2016 by a special tribunal of the Permanent Court of Arbitration to dismiss the legitimacy of China's expansive territorial claims in the South China Sea has raised significant questions about how this issue should be managed in the future. Some have argued that the ruling presents an opportunity for regional states to reset interactions with Beijing by emphasising cooperation over sovereignty claims, while others have underscored its importance as a lever to push back further against Chinese territorial claims in maritime Asia.² China for its part has rejected the ruling outright and pointedly warned the US and its allies not to take advantage of it by challenging Beijing's presence in the Spratly Islands and Scarborough Shoal.³ The Philippines, which had initially launched the legal case over the South Sea China in 2013, has engaged Beijing in bilateral discussions in an attempt to ensure that tensions do not escalate further. A number of observers believe that Beijing is planning to reassert its claims through reclamation work in the Scarborough Shoal, but not before China hosts the G20 summit in September.⁴

Irrespective of the timing of China's response, or whether a desire for cooperation prevails over sharp sovereignty claims, as a recent UK report notes, 'there is little prospect for meaningful negotiations or of a legal resolution to the [South China Sea] dispute'.⁵ The broader context of how these territorial disputes play out in the South China Sea is critical: strategic rivalry between the US and China is growing in Asia, and security tensions in the South China Sea are seen as a major test of the resolve of both major powers. As Hugh White has written, policymakers in Washington and Beijing appear to genuinely believe that if they stand firm in any crisis, the other side will back down; more importantly, both sets of policymakers also give every indication they

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² For contrasting views, see Sam Bateman, 'Good Fences or Good Neighbours in the South China Sea', *East Asia Forum*, 18 August 2016, <http://www.eastasiaforum.org/2016/08/18/good-fences-or-good-neighbours-in-the-south-china-sea/>; and the comments of Andrew Erickson in Eleanor Albert, 'Preserving a Rules-based Order in the South China Sea', Council on Foreign Relations, 12 July 2016, <http://www.cfr.org/international-law/preserving-rules-based-order-south-china-sea/p38127>

³ Cris Larano and Jeremy Page, 'Beijing Flies Bombers Over Disputed South China Sea', *The Wall Street Journal*, 7 August 2016.

⁴ Minnie Chan, 'If China Builds in Scarborough Shoal, it Would Come 'After G20 Summit'', *South China Morning Post*, 13 August 2016.

⁵ Jon Lunn and Arabella Lang, 'The South China Sea Dispute: July 2016 Update', *UK House of Commons Library Briefing Paper*, No. 7481, 12 July 2016, p. 31.

believe the other side understands the depth of their resolve to stand firm.⁶ The risk of serious crises and escalation to armed conflict in the South China Sea remains acute. The consequences would be calamitous for the region in economic terms alone: the waterways of Southeast Asia carry much of the world's trade and the impact of war, or even a major crisis, on global markets would be devastating. The fallout from any regional conflict would be just as serious for non-claimant states as for those states that claim territory in the South China Sea.

Unlike claimant states such as the Philippines and Vietnam, for non-claimant countries there appear to be few incentives to oppose China's territorial claims in the South China Sea. However, many regard China's assertive behaviour in the South China Sea, including its 'nine-dash line' claim, as a significant overextension and as a proxy indicator for how Beijing sees China's status in Asia more generally: as the dominant power whose growing influence requires deference from other states.⁷ Unsurprisingly, many other countries do not share this perspective. China has taken a number of specific actions to press its territorial claims in the South China Sea since the mid-1990s, and these have included attempted coercion through use of military and paramilitary forces as well as economic inducements to countries to accede to Beijing's wishes.⁸ The net benefits accruing to Beijing from this approach remain unclear.

This is particularly the case in relation to the region's middle powers, states that place a premium on rules-based orders and institutions to constrain the tendency of major powers to ride roughshod over the preferences of smaller states in international relations. In a material sense, middle powers are those states – approximately 20–25 of them – that possess the capabilities and standing to shape outcomes in the global governance sphere when acting in concert with like-minded states. A prominent example of middle power coalition building is the MIKTA group that was formed in 2013 at a meeting of the foreign ministers of Mexico, Indonesia, South Korea, Turkey, and Australia.⁹ As stated by the South Korean foreign minister, MIKTA's rationale was 'to play a bridging role between countries with different views on the international stage ... and expanding their role in establishing a better world by taking advantage of individual middle power countries' diplomatic assets and cooperative mechanisms'.¹⁰

Three members of MIKTA – Australia, Indonesia, and South Korea – are non-claimant states in the South China Sea, but they share concerns about China's conduct in the region, especially with respect to potential inhibitions on freedom of navigation resulting from attempts by Beijing to enforce its claims in the region. Australia and South Korea have highly mature security alliances with the United States, and both allies have been under pressure from Washington at various times to push back against

⁶Hugh White, 'Lines in the Sand: The US and China's Struggle for Power in Asia', *The Monthly*, September 2015, <https://www.themonthly.com.au/issue/2015/september/1441029600/hugh-white/lines-sand>

⁷ Frank Ching, 'Claiming Dominance, China Sheds Pretence of Peaceful Rise', *YaleGlobal Online*, 23 August 2016, <http://yaleglobal.yale.edu/content/claiming-dominance-china-sheds-pretense-peaceful-rise>

⁸ Christopher Yung and Patrick McNulty, 'An Empirical Analysis of Claimant Tactics in the South China Sea', *INSS Strategic Forum*, August 2015, pp. 3-4.

⁹ Alex Oliver, 'MIKTA: Where Middle Powers Proudly Meet', *Lowy Interpreter*, 28 November 2013, <http://www.lowyinterpreter.org/post/2013/11/28/MIKTA-useful-whether-middle-or-pivotal.aspx>

¹⁰ Republic of Korea Ministry of Foreign Affairs, 'Launch of MIKTA: A Mechanism for Cooperation between Key Middle Power Countries', 26 September 2013, http://www.mofat.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=302&seqno=312809&c=&t=&pagenum=1&tableName=TYPE_ENGLISH&pc=&dc=&wc=&lu=&vu=&iu=&du=

Chinese claims by undertaking freedom of navigation operations (FONOPs) with US forces. Indonesia is not a US ally, but there is evidence of growing concern in Jakarta about China's 'nine-dash line' claim overlapping with the 200-nautical mile exclusive economic zone surrounding the Natuna archipelago in the South China Sea.¹¹ Emblematic of this concern is the recent announcement that Indonesian authorities have designated the resource-rich waters around the Natuna islands as the 'Natuna Sea'.¹²

Should these three non-claimant middle powers be doing more to foster stability and fulfil a mediation role among claimants, including China, in the South China Sea? In the remainder of this issue brief, I discuss what is at stake for Australia, Indonesia, and South Korea in the South China Sea before addressing this question.

Non-claimant stakeholders and the South China Sea

A frequently stated view in Beijing is that those countries without direct territorial claims in the South China Sea have no business in stating their position on the issue. State-sanctioned media outlets in China have been particularly critical of Australia flying military aircraft through international airspace in the South China Sea, with an editorial in *The Global Times* in late 2015 warning that Australian planes could 'fall from the sky' if the flights continued.¹³ The three non-claimant countries discussed below take no formal position on territorial disputes in the South China Sea, but as was evident in each capital's response to the Permanent Court of Arbitration ruling, they share the position that freedom of navigation must be preserved and existing international agreements observed.¹⁴ What primarily distinguishes each country's position is the extent to which they are willing to press the importance of these principles in their interactions with China.

Australia

China looms large on Australia's strategic and economic landscape. Since the late 2000s, China has been the country's largest trading partner by a clear margin, Chinese investment in critical sectors of the economy is growing rapidly (e.g., agriculture, energy supply), and China remains by far the primary market for Australia's largest single export, iron ore. China's dizzying economic growth has mapped closely to the 'long boom' in the Australian economy, and there is a general perception among Australians that China can exert significant influence over the Australian economy if it chooses to do so.¹⁵ While the economic relationship is widely regarded as mutually beneficial, there are some frictions in the strategic relationship between Australian and China. These

¹¹ 'Annoyed in Natuna', *The Economist*, 2 July 2016, p. 27.

¹² Philip Bowring, 'The Misnomer of the South China Sea', *The Wall Street Journal*, 22 August 2016.

¹³ Matthew Doran and Bill Birtles, "'It Would be a Shame if a Plane Fell from the Sky": China's Warning to RAAF over South China Sea Flights', *ABC News Online*, 20 December 2015, <http://www.abc.net.au/news/2015-12-16/chinese-editorial-warns-raaf-planes-could-be-shot-down/7034664>

¹⁴ Liza Yosephine, 'Indonesia Urges Parties to Respect Laws Following South China Sea Ruling', *The Jakarta Post*, 12 July 2016; Lisa Murray and Angus Grigg, 'If Pushed We Will Declare an Air Defence Zone, Says China', *The Australian Financial Review*, 13 July 2016; Lee Je-hun, 'Response on South China Sea Ruling Shows S. Korea's Fragile Position', *The Hankyoreh*, 14 July 2016, http://english.hani.co.kr/arti/english_edition/e_international/752372.html

¹⁵ For the most recent Lowy Institute for International Affairs poll on Australian attitudes towards China, see the interactive summary at: <http://www.lowyinstitute.org/lowyinstitutepollinteractive/china/>

have become increasingly prominent as Beijing has embraced a more assertive stance in Asia diplomatically and militarily, and as US–China rivalry has intensified.

As a committed ally of the United States, Australia has sought to balance its critical economic relationship with China with rising expectations in Washington that America's allies will embolden their support for the US in significant regions, including the South China Sea. Successive Australian governments have strongly supported the Obama administration's pivot to Asia and welcomed the presence of a rotational US force in northern Australia. Yet, Australian governments have also taken unilateral steps to hedge against China's growing reach in Asia. These steps have encompassed investments in long-range maritime strike and surveillance assets, enshrined in successive Defence White Papers since 2009, and closer defence and intelligence cooperation with Japan.¹⁶ Australia was one of only a handful of regional states to challenge publicly China's declaration of an Air Defence Identification Zone (ADIZ) in 2013. This earned Canberra a stern reprimand from Chinese foreign minister Wang Yi, who noted that Australia's actions had 'jeopardised bilateral mutual trust and affected the sound growth of bilateral relations'.¹⁷

In the South China Sea, Australia has been an outspoken critic of China's approach to territorial disputes with other claimant states. While careful not to replicate Washington's position of effectively backing the Philippines in its legal case against China, Coalition and Labor governments have repeatedly stressed what they regard as the inviolability of freedom of navigation in the South China Sea, in effect repudiating Beijing's 'nine-dash line' claim. Defence Minister Marise Payne articulated this position shortly after the US transited one of its warships within twelve nautical miles of the Spratly archipelago in October 2015: 'Australia has a legitimate interest in the maintenance of peace and stability, respect for international law, unimpeded free trade and freedom of navigation and overflight in the South China Sea'.¹⁸

Despite calls from some quarters for the Turnbull government to authorise military support for US FONOPs in the region¹⁹ – which are aimed at challenging China's assertion that land reclamation creates a territorial EEZ – Australia has focused on increasing the tempo of its maritime air patrols through the region in an apparent signal to China. Chinese military forces in turn have sought to challenge Australian platforms traversing international airspace.²⁰ This has been accompanied by thinly veiled threats from Beijing through official media outlets against Australian military assets, as well as

¹⁶ See Andrew O'Neil, 'Less Geneva, More Jakarta: Assessing Australia's Asia Pivot', *The Asan Forum*, 9 April 2015, <http://www.theasanforum.org/less-geneva-more-jakarta-assessing-australias-asia-pivot/>

¹⁷ Primrose Riordan, 'Australian Air Zone Comments "Jeopardise Trust": China', *The Australian Financial Review*, 7 December 2013.

¹⁸ Daniel Hurst, 'Australia-China Naval Exercises Still on Despite US Patrol in South China Sea', *The Guardian*, 29 October 2015.

¹⁹ See Stephen Conroy, 'We Should Assist in Policing the South China Sea', *The Australian*, 21 January 2016; Tom Hanson, 'Australia in the South China Sea: Time to Act, Not React', *The Strategist*, 30 May 2016, <http://www.aspistrategist.org.au/australia-south-china-sea-time-act-not-react/>

²⁰ David Wroe, 'RAAF Now Being Routinely Challenged by Beijing in South China Sea', *The Sydney Morning Herald*, 3 February 2016.

a formal warning from the Chinese foreign ministry that ‘Australia must carefully talk and cautiously behave’.²¹

Insofar as Australia has sought to build bridges with other countries on the South China Sea issue, this has been confined largely to a joint statement with the US and Japan on the Permanent Court of Arbitration (PCA) decision following the annual Trilateral Strategic Dialogue (TSD) meeting in July this year.²² The TSD statement came on the heels of ASEAN’s failure to mention the PCA ruling in its annual ministerial meeting communique.²³ There is minimal evidence that Australia has engaged in any attempt to craft a regional coalition of non-claimant middle powers to mediate the South China Sea dispute between China and other claimant states. Apart from the well-canvassed fissures in ASEAN, coupled with Australia’s poor record in sponsoring multilateral initiatives in Southeast Asia, such an attempt would risk alienating Washington, which is reflexively suspicious of allies looking to mediate disputes in which the US expresses a clear position. Likewise, there are few grounds for assuming Beijing would be open to such a role for Australia, or indeed for any other middle powers in the region.

Indonesia

Historically China has viewed Indonesia as *primus inter pares* in ASEAN. While the bilateral relationship between Jakarta and Beijing has experienced peaks and troughs since the 1950s, Indonesia’s size, geostrategic location, and its non-aligned status have incentivised China’s elites to place the relationship on a sustainable footing. Despite the bumpy nature of bilateral relations during the Suharto period, large-scale Chinese investment and perceptions that Beijing played a positive leadership role in Southeast Asia throughout the region’s economic crisis in 1997–98 served to enhance China’s economic and diplomatic footprint in Indonesia.²⁴ This was complemented by China’s decision in the wake of the regional economic crisis to increase its engagement in ASEAN’s multilateral regional initiatives, which compared favourably with Washington’s lukewarm attitude towards regionalism under the Bush administration.²⁵

In recent years, however, Indonesian views of China’s role in the region have soured. As China’s economic presence in Indonesia has increased, nationalist concerns have hardened around what some see as the threat emanating from cheap Chinese imports and the adverse impact of these on the Indonesian manufacturing sector. Once touted as a means of balancing the influence of major economic partners such as the United States

²¹ Bill Birtles, ‘South China Sea: China Warns Australia Must “Cautiously Behave” in Row Over Contested Waterway’, *ABC News Online*, 1 August 2016, <http://www.abc.net.au/news/2016-08-01/china-turns-defeat-into-victory-in-south-china-sea/7676260>

²² The TSD statement urged China and the Philippines to abide by the Court’s ruling, which ‘is a crucial opportunity for the region to uphold the existing rules-based international order and to show respect for international law’. Predictably, the statement drew sharp condemnation from Beijing. See US Department of State, Joint Statement of the Japan-United States-Australia Trilateral Strategic Dialogue, Washington DC, 25 July 2016’, <http://www.state.gov/r/pa/prs/ps/2016/07/260442.htm>

²³ Manuel Mogato, Michael Martina, and Ben Blanchard, ‘ASEAN Deadlocked on South China Sea, Cambodia Blocks Statement’, *Reuters*, 26 July 2016, <http://www.reuters.com/article/us-southchinasea-ruling-asean-idUSKCN1050F6>

²⁴ Ann Marie Murphy, ‘Indonesia Responds to China’s Rise’, in Bruce Gilley and Andrew O’Neil (eds.), *Middle Powers and the Rise of China*, Georgetown University Press, Washington DC, 2014, pp. 131-134.

²⁵ David Shambaugh, *China Goes Global: The Partial Power*, Oxford University Press, Oxford, 2013, pp. 96-97.

and Singapore, the trade and investment relationship with China is no longer seen as an unalloyed positive in Jakarta.²⁶ These economic concerns are reinforced by growing strategic worries over China's increasingly assertive posture in the South China Sea. Maritime security remains vital to Indonesian strategic policy, and as Ann Marie Murphy argues, 'virtually all aspects of China's threat to Indonesia – control over its waterways and exclusive economic zones, the sanctity of international law, ASEAN cohesion, and the centrality of ASEAN in broader regional institutions – are challenged on the South China Sea issue'.²⁷

As noted earlier, Jakarta's primary concern over the South China Sea issue pertains to the overlap of China's 'nine-dash line' claim with Indonesia's EEZ around the Natuna Archipelago. Indonesia's willingness to challenge China openly on this issue has become more salient under the presidency of Joko Widodo, who has reasserted territorial sovereignty as the centrepiece of Indonesian strategic and foreign policy.²⁸ But the value to Indonesia of the maritime zone surrounding the Natuna Islands is not merely symbolic. One Indonesian scholar has pointed out that, 'located within the purported overlap of the U-shaped ['nine-dash'] line, the East Natuna block [zone] is estimated to contain one of the world's largest gas reserves at around 46 trillion cubic feet'.²⁹ Although Beijing concedes that the Natuna Islands belong to Indonesia, the intersection of significant symbolic and material considerations with respect to the waterways surrounding these islands provides Jakarta with a strong motive to reject China's 'nine-dash line' claim over the South China Sea.

The strategic importance of maritime security with respect to this issue has been underscored by Jakarta's robust response to the incursion of Chinese fishing and coast guard vessels into its EEZ waters around Natuna, which has witnessed exchanges of gunfire and allegations from Chinese authorities that Indonesian navy ships have rammed Chinese vessels.³⁰ Designed to send a direct signal to Beijing about the value Jakarta places on the issue, in June this year, following the latest confrontation between Indonesian and Chinese vessels, President Widodo chaired a cabinet meeting on board an Indonesian warship stationed in the Natuna Islands.³¹ Indonesia has also been a major beneficiary of the Obama administration's initiative to advance the maritime capabilities of Southeast Asian states, with over \$20 million of US funding earmarked for FY 2015 and 2016 'to enhance the Indonesian government's ability to protect its maritime areas, safeguard its natural resources, and contribute to regional security and stability'.³²

²⁶ Natasha Hamilton-Hart and Dave McRae, 'Indonesia: Balancing the United States and China, Aiming for Independence', United States Studies Centre, University of Sydney, November 2015, pp. 9-11.

²⁷ Murphy, 'Indonesia Responds to China's Rise', p. 138.

²⁸ On the (re)assertion of nationalism under the Widodo administration, see Edward Aspinall, 'The New Nationalism in Indonesia', *Asia and the Pacific Policy Studies*, 3(1), 2015, pp. 72-82.

²⁹ Ristian Atriandi Supriyanto, 'Out of its Comfort Zone: Indonesia and the South China Sea', *Asia Policy*, 21(1), 2016, p. 22.

³⁰ Xinhua, 'China Condemns Indonesia's Use of Force in South China Sea', 19 June 2016,

http://news.xinhuanet.com/english/2016-06/19/c_135449118.htm

³¹ Jewel Topsfield, 'Indonesian President's Visit to Natuna Islands Sends Waters Warning to China', *The Sydney Morning Herald*, 24 June 2016.

³² White House Fact Sheet, 'Building Maritime Capacity in Southeast Asia', 17 November 2015, <https://www.whitehouse.gov/the-press-office/2015/11/17/fact-sheet-us-building-maritime-capacity-southeast-asia>

South Korea

The Republic of Korea maintains a complex relationship with China that ineluctably shapes Seoul's approach to the South China Sea issue. Resentful over Beijing's continued support for the North Korean regime, South Korean policymakers also recognise that sound relations with China are essential to negotiation of any lasting settlement on the Korean peninsula. The ROK's security alliance with the United States is largely directed at deterring North Korea, and if necessary defeating it militarily, but the alliance can also be seen as a hedge to safeguard against future coercion from Beijing. While sharing an intimate economic and cultural relationship with China, in strategic terms South Korea is wary of its neighbour, and has demonstrated that it is willing to acquire military capabilities of its own, as well as support the deployment of US systems on South Korean territory that can be used against Chinese forces in any conflict, including Terminal High Altitude Area Defence.³³

Since the mid-1990s South Korean policymakers have sought to raise the country's profile as an activist middle power in Asia, and have invested significant diplomatic resources in an attempt to broaden the ROK's footprint in multilateral forums, including in ASEAN as a major dialogue partner. This has been accompanied by growing emphasis on South Korea as a globally engaged power with major interests beyond Northeast Asia. The country's carefully cultivated middle-power profile has included many of the classic themes associated with states claiming this status in international relations, such as bridge building and mediation, as well as promoting an international order that is conducive to the interests of states that are not major powers.³⁴

Yet, unlike fellow non-claimants Australia and Indonesia, Seoul's position with respect to the South China Sea issue has been low-key. The ROK's established position has been that it supports freedom of navigation in the region, but takes no sides in any of the territorial disputes. This is, strictly speaking, equivalent to the respective positions taken by Jakarta and Canberra, but Seoul's evident preference has been to avoid stating this publicly. It appears that only after pressure from Washington in 2015 did the Park Geun-hye government call for the 'demilitarisation' of the South China and specify that 'China must guarantee the right of free navigation and flight'.³⁵ Instances of public US pressure have included President Obama's statement in a joint media conference with President Park Geun-hye in October 2015 that he expected South Korea not to 'break rank' over criticising Chinese behaviour.³⁶ This followed high-profile comments by the US Assistant Secretary of State for East Asia and the Pacific earlier in the year that Seoul should 'speak out as a major stakeholder' regarding events in the South China Sea.³⁷

There are two plausible explanations for South Korea's evident reluctance to increase its engagement with the South China Sea issue. The first and most obvious is that South Korean policymakers are aware that siding with the US and publicly criticising China

³³ 'US and South Korea Agree THAAD Missile Defence Deployment', *BBC News Online*, 8 July 2016, <http://www.bbc.com/news/world-asia-36742751>

³⁴ For a more extended analysis, see Andrew O'Neil, 'South Korea as a Middle Power: Global Ambitions and Looming Challenges', in Scott Snyder (ed.), *Middle Power Korea: Contributions to the Global Agenda*, Council on Foreign Relations, New York, 2015, pp. 75-89.

³⁵ Lee Jaehyon, 'South Korea and the South China Sea: A Domestic and International Balancing Act', *Asia Policy*, 21(1), 2016, p. 36.

³⁶ Lee Je-hun, 'Response on South China Sea Ruling Shows S. Korea's Fragile Position', *The Hankyoreh*, 14 July 2016, http://english.hani.co.kr/arti/english_edition/e_international/752372.html

³⁷ Song Sang-ho, 'US Urges Korea to Speak Out on China Sea Dispute', *The Korea Herald*, 4 June 2016.

over something as crucial to Beijing as territorial sovereignty would probably result in China making life more difficult for the ROK on the Korean peninsula. Ensuring Beijing implements the UN sanctions regime against North Korea is a continuing challenge for South Korean policymakers, and encouraging China to place serious pressure on Pyongyang to exercise nuclear and missile restraint has been problematic.³⁸ These challenges would only be exacerbated in South Korea's eyes if Beijing felt it was part of an anti-China coalition on the South China Sea issue. The second explanation for Seoul's reluctance may be the status of the disputed Liancourt Rocks (*Dokdo* Islands for South Korea, *Takeshima* Islands for Japan). Seoul has rejected Japanese overtures for a joint submission to the ICJ to rule on the issue, arguing there is no legal case because the territory is administered by the ROK.³⁹ Seoul is almost certainly aware that by challenging analogous Chinese claims with respect to islands in the South China Sea, it may undermine its own case for territorial sovereignty in Northeast Asia.

To step up, or out?

While like-minded middle powers have successfully built coalitions to address vexing global policy challenges in areas as diverse as arms control and the environment, there are few grounds to conclude this is possible in the South China Sea. As outlined above, Asia's most prominent middle powers have distinctive positions when it comes to approaching the critical issues, even if there is significant overlap on the importance of promoting Chinese restraint and respect for international law. More broadly, all three countries share the view that Beijing's conduct with respect to the South China Sea is a bellwether of how China will likely interact with other states in Asia as its strategic influence continues to expand. So far at least, the signs are not promising.

South Korea is understandably preoccupied with its own immediate strategic environment in Northeast Asia, and Seoul's preference is to retain a low profile on South China Sea issues. Policymakers are mindful of the potential for Beijing to exploit linkage diplomacy by making Seoul's circumstances more difficult on the Korean peninsula, and only pressure from Washington has driven South Korea's public engagement on the South China Sea. By contrast, Indonesia, while strictly a non-claimant state, has territorial interests at stake due to China's 'nine-dash line' overlapping with the waterways surrounding the Natuna Archipelago. The scope for Jakarta to mediate the different positions within ASEAN has narrowed since the divisive ministerial summit in 2012, and as China has hardened its position on territorial issues and sought to encourage differences among ASEAN members.⁴⁰ Australia for its part also has minimal room for middle-power manoeuvre on the South China Sea. Aligning itself increasingly with the US approach – although so far demurring from undertaking joint FONOPs with American forces – and having earned the ire of Beijing on several occasions, Australia is in no position to play a mediating role in the South China Sea.

If Asia's leading middle powers are not equipped or prepared to step up and play a mediating role in the South China Sea, does this mean they should step out entirely? Of

³⁸ For analysis on this point, see Lee Seong-hyon, 'Why Xi Jinping Didn't Answer Park's Call', *The Korea Times*, 5 February 2016.

³⁹ J. Berkshire Miller, 'The ICJ and the Dokdo/Takeshima Dispute', *The Diplomat*, 13 May 2014, <http://thediplomat.com/2014/05/the-icj-and-the-dokdotakeshima-dispute/#>

⁴⁰ David Martin Jones and Nicole Jenne, 'Weak States' Regionalism: ASEAN and the Limits of Security Cooperation in Pacific Asia', *International Relations of the Asia-Pacific*, 16(2), 2016, pp. 228-229.

the three countries assessed in this paper, South Korea would be most sanguine about having little to do with the issue despite much of its trade passing through vital routes in the South China Sea. For reasons of geography – overlapping claims from China, ASEAN and Southeast Asia – Indonesia is a crucial player. Given the potency of the country's nationalism regarding territorial sovereignty and the foreign policy value placed on de facto leadership in Southeast Asia, Indonesia is highly likely to remain deeply engaged in asserting its position on the issue. Australia has alliance interests in supporting the United States, but it also has interests surrounding freedom of navigation that pertain independent of the alliance. As an acutely trade-dependent nation, Australia relies on open access to overseas markets – ironically including China – for its economic prosperity. Any endeavour by China to impose conditions on freedom of navigation would be anathema to Australia's strategic interests. While Beijing has not declared an ADIZ in the South China Sea, for senior Australian policymakers it is not difficult to envisage how gradual acceptance of China's 'nine-dash line' would seriously impede long-term national interests. For this reason alone, and for the foreseeable future, Australia will remain an active non-claimant in regard to the South China Sea.