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Central Intelligence Agency



Washington D.C. 20505

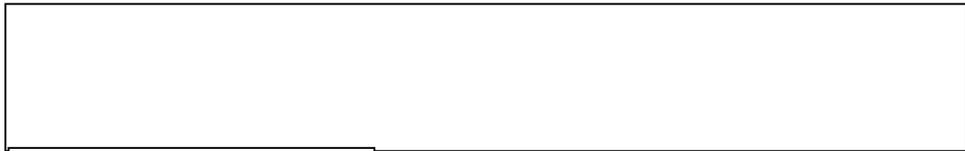
DIRECTORATE OF INTELLIGENCE

8 August 1988

Sino-Vietnamese Confrontation in Spratlys Unlikely For Now 

Summary

Chinese and Vietnamese forces fought one battle over the Spratlys early this year, and their continued bickering could lead to further clashes. We believe the likelihood of a major Sino-Vietnamese confrontation has, however, diminished because of the arrival of seasonal storms that lash the low-lying islands during the summer and fall. Beijing has been keeping its forces on a short leash to preclude another incident, and with construction of a permanent base on Fiery Cross Reef and small outposts on five other islets completed, Chinese naval activity has slackened. China's military moves thus far have failed to cow the Vietnamese, who have responded diplomatically and militarily to the Chinese challenge by portraying themselves as innocent victims of Chinese aggression, while reinforcing their Spratly outposts and occupying additional reefs. Vietnam is most likely to adopt a defensive posture in the Spratlys, but we would not rule out a Vietnamese attack on Chinese ships or bases should China resume its provocative actions in the islands. 



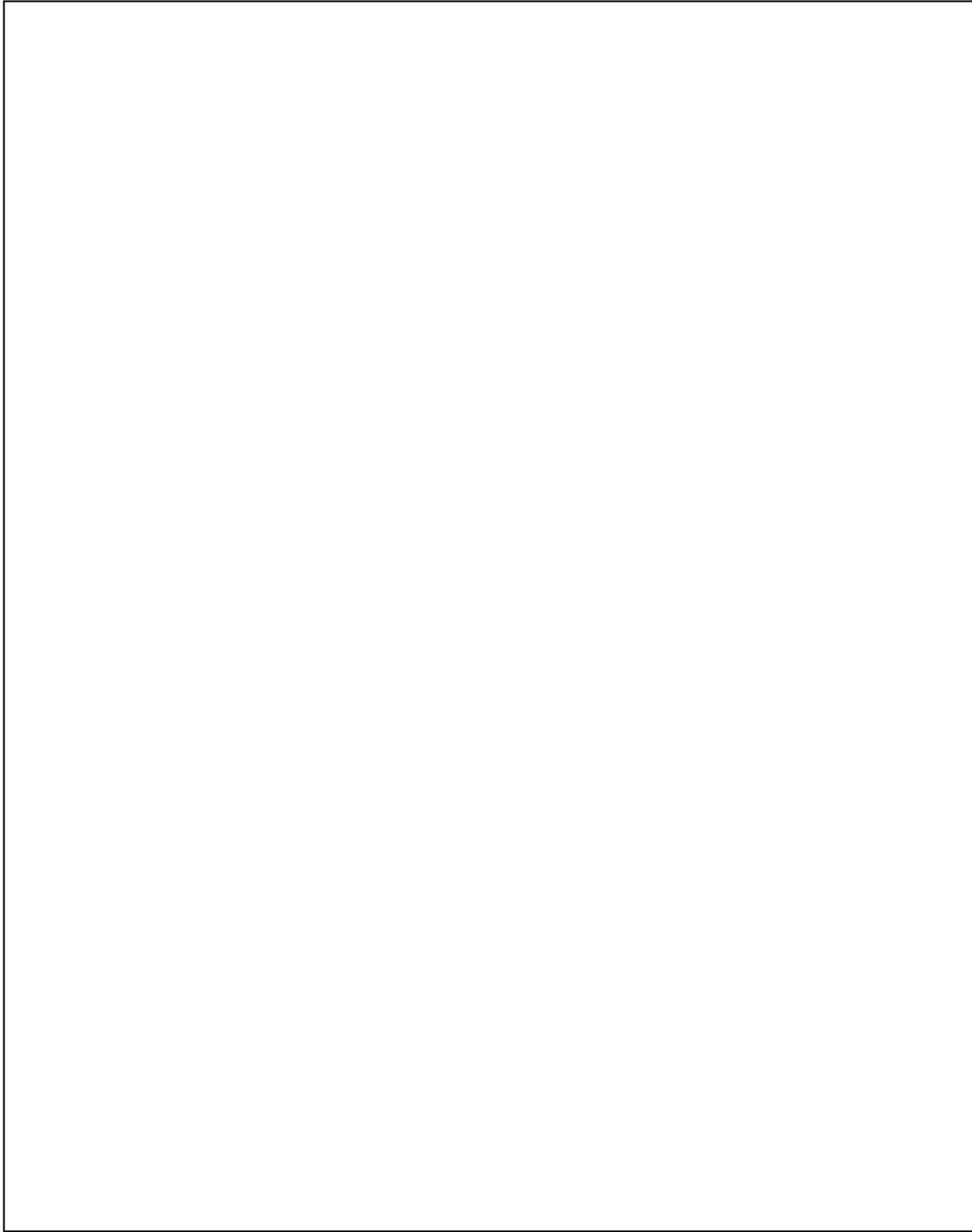
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A Sino-Vietnamese Problem

Beijing has been extremely successful, in our view, at limiting the political repercussions of its move into the disputed Spratly Islands by making it appear a problem only between China and Vietnam. The Chinese press, for instance, has consistently blamed Hanoi for tensions in the islands because of its occupation of many of the disputed islets, and Chinese diplomatic activity in the UN has sought to reinforce that view. Beijing probably calculated from the outset that a strategy of singling out Vietnam could help contain adverse regional reaction and isolate Hanoi. The Chinese have, in addition, acted to assure Manila, Kuala Lumpur, and Taipei that China's actions are not directed against them. China's military activity in the area has reinforced its public posturing that Vietnam is Beijing's main concern:

- *Chinese troops occupy reefs and its warships mainly patrol near Vietnamese-held islands in the archipelago and only infrequently approach the Philippine, Malaysian, and Taiwan-held islands.*
- *Various sources indicate that between February and April Chinese warships harassed Vietnamese supply ships in the Spratlys on at least three occasions, while resupply missions from Malaysia and Taiwan were unhindered.*

- [redacted] a Chinese frigate patrolled the northern Gulf of Tonkin, [redacted] Beijing has not conducted patrols against the other claimants. [redacted]

In our judgment, China's naval operations in the South China Sea and construction of permanent bases in the Spratlys are part of a long-term Chinese strategy to reassert its sovereignty and get the other parties to abandon their claims or negotiate settlements favorable to China. Beijing probably chose to act this spring in part because it realized that international attention was beginning to focus on finding a Cambodian settlement and wished to reinforce its claim to the Spratlys prior to a relaxation of ASEAN's tension with Vietnam. [redacted]

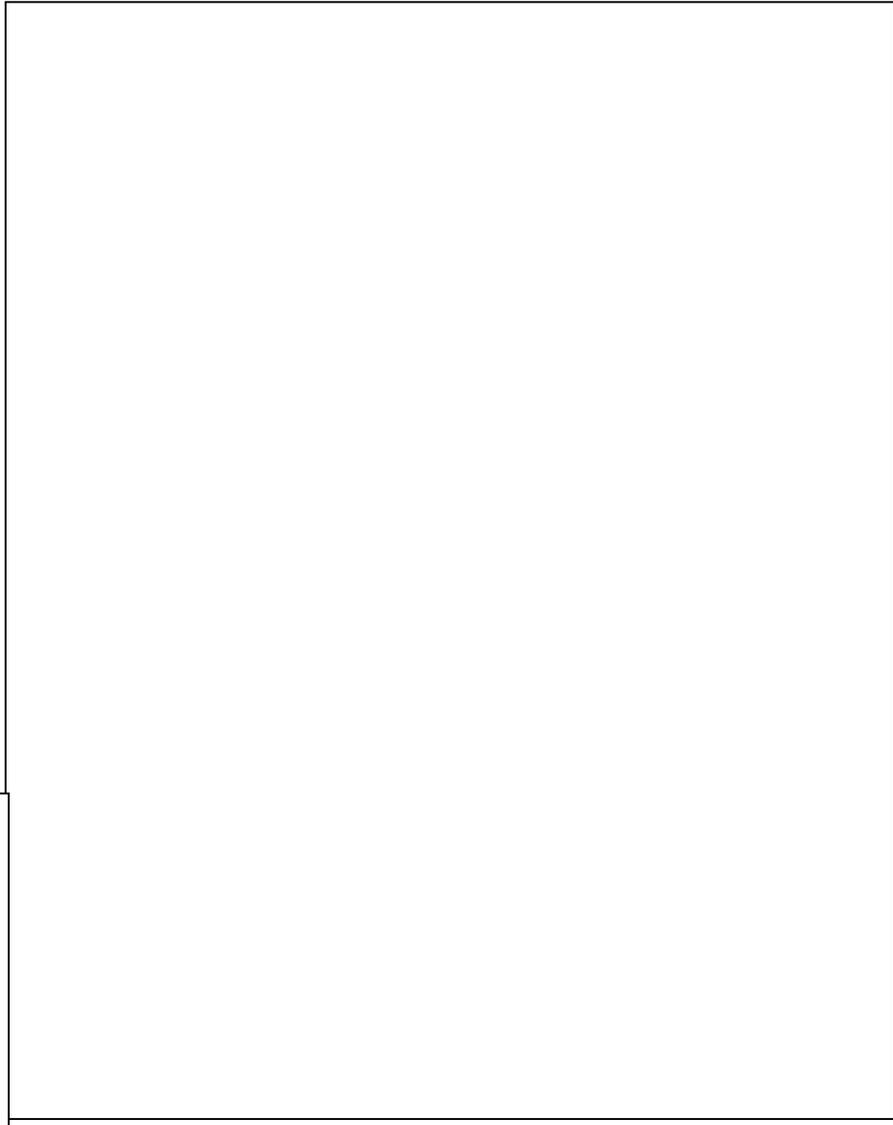
Beijing's Impressive Naval Show

China's unprecedented naval deployment to the Spratlys demonstrates the evolution of China's Navy into a force capable of projecting and sustaining military power beyond its coastal waters. The six-month operation is the most extensive ever mounted by the Navy, with 40 combatants from all three fleets participating. The South Sea Fleet proved that it is the most combat-ready element in the Chinese Navy. It effectively managed the entire operation and rotated its ships to ensure that every major combatant in the fleet saw duty in the Spratlys. The operational experience and first-hand knowledge of the Spratlys

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gained would be extremely valuable to China's military planners if Beijing opts to pursue a more aggressive policy against the Vietnamese-held islets. [redacted]

China completed its construction efforts at Fiery Cross and five other reefs by late July [redacted]

[redacted] In our judgment, the establishment of a permanent naval station at Fiery Cross considerably enhances Beijing's capability to project power in the region:

- *Fiery Cross could house troops, store supplies, and berth small combatants and supply ships.*
- *Patrol boats and helicopters based there could help guard China's smaller outposts, monitor Vietnamese military activities, and provide intelligence critical to the success of any future Chinese military operation against the Vietnamese.*
- *With fewer auxiliaries needed to support Chinese naval actions, Beijing could assemble a fleet composed mainly of combatants, which could quickly move south and strike the Spratlys with little or no warning.* [redacted]

With Fiery Cross operational and seasonal storms beginning to lash the islands, Beijing is reducing its naval forces in the Spratly Islands. The Chinese, having decisively defeated Vietnamese naval vessels at Johnson Reef on 14 March 1988, probably calculate that a naval confrontation with the Vietnamese is unlikely for now. Beijing may also believe Hanoi is unlikely to attack Chinese outposts, while it is busy consolidating its hold over the reefs its troops have occupied since February. [redacted]

The Chinese Navy may believe that its ability to deploy warships rapidly to the Spratlys will also deter the Vietnamese, and we believe the Chinese may further reduce the number of warships operating in the archipelago by keeping individual ships on station for longer periods of time than in the past to reduce operating expenses:

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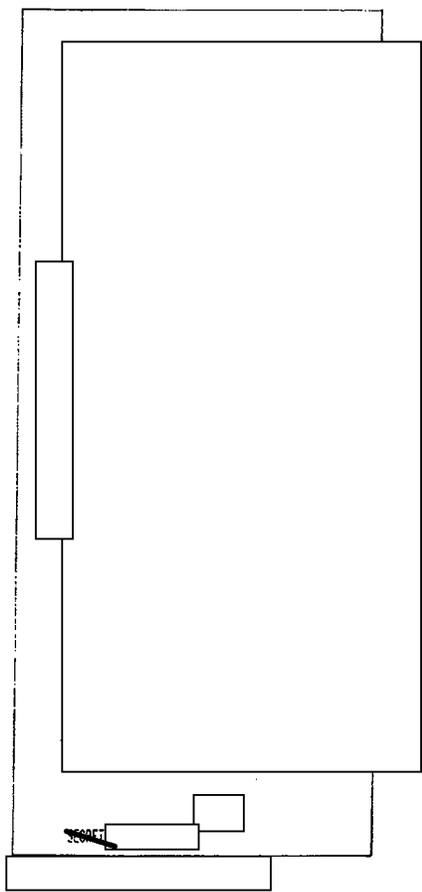
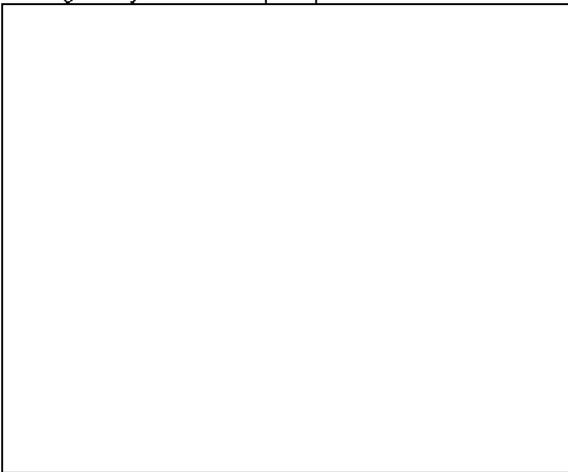
Chinese Naval Activity in Spratlys

Sino-Vietnamese Naval Clash

The Chinese and Vietnamese fought a naval battle on 14 March 1988 over Johnson Reef. [redacted]

[redacted] a Chinese landing party went ashore on the unoccupied reef to conduct surveys, establish observation posts, and erect a Chinese flag. Vietnamese supply ships, monitoring the Chinese activity, reacted by landing troops on the reef, and they evidently initiated the clash. The two parties engaged in an acrimonious exchange, with the Vietnamese firing at the Chinese and wounding one of them. Following that exchange, a Vietnamese supply ship - armed with machineguns - fired on one of the Chinese frigates offshore.

[redacted] The Chinese commander apparently went to battle stations and used his 100-mm naval guns to engage the Vietnamese supply vessel and a nearby landing ship, sinking the former and heavily damaging the latter. Radio Hanoi subsequently blamed the Chinese for instigating the attack and announced that the Vietnamese had suffered numerous casualties, including two killed and more than 70 missing. China's warships reportedly suffered little damage and few casualties. [redacted]



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Vietnam's Aggressive Response

Hanoi has responded aggressively to China's challenge with diplomatic and military moves of its own, and we believe the Chinese may have been surprised by Hanoi's feistiness. Vietnam's diplomatic effort apparently is designed to pressure China into resolving the dispute peacefully through negotiations. Vietnamese propaganda typically characterizes China as the aggressor and a threat to regional peace and stability, while repeatedly urging Beijing to use diplomacy to settle the sovereignty issue. Hanoi has raised the Spratlys issue at the United Nations in an unsuccessful bid for UN help in getting China to the negotiating table. Vietnam has also sought support in the region for a peaceful resolution to the problem by pursuing bilateral talks on the Spratlys with Malaysian and Philippine officials. Vietnam reportedly has made progress with Malaysia toward an agreement over exploitation of resources in the archipelago. [redacted]

Although advocating a peaceful settlement, the Vietnamese probably recognize that that is unlikely under current circumstances. In view of China's naval superiority, its establishment of permanent bases in the Spratlys, and its oft-stated threat to retake the islands at an appropriate time, Hanoi has prudently prepared for further fighting. Vietnam's increased military preparedness includes:

- *Placing troops and weapons on [redacted] additional reefs, while beefing up defenses at existing bases by deploying tanks, armored vehicles, artillery, early warning radars, and shoulder launched SA-7 surface-to-air missiles.*
- *Establishing a [redacted] forward command headquarters at Cam Ranh Bay, mobilizing naval combatants and supply ships, placing navallmarine forces on alert, and intensifying naval and amphibious training.*
- *Developing a long-range strike capability by deploying [redacted] fighter-bombers to Phan Rung and using the aircraft to conduct patrols over the islands. [redacted]*

These actions enhance Vietnamese defenses and provide a limited capability for projecting power in the Spratlys. In our judgment, however, Vietnam's Navy remains at a serious disadvantage against China's far larger and better equipped naval forces and would have difficulty reinforcing or resupplying Vietnam's outposts during a conflict. Hanoi's effort to overcome chronic maintenance and equipment problems have probably helped, but frequent shipboard equipment failures and recurring ship groundings [redacted] underscore the overall poor condition of Vietnamese ships. [redacted]

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Vietnamese Construction in the Spratlys

Hanoi's response to Beijing's moves in the Spratlys has been to grab more territory and establish outposts on a dozen previously unoccupied reefs. Most of the reefs are under water.

Vietnam's military engineers have developed special construction techniques for building outposts on the reefs.

[Redacted]

[Redacted] the Vietnamese are using prefabricated housing modules to build new outposts. It [Redacted] allows the Vietnamese to complete an outpost in a few weeks.

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By mobilizing its resources and moving toward a war footing, Hanoi appears to be signaling Beijing of its intention to defend Vietnam's stake in the Spratlys even at the risk of another conflict with China. Hanoi may calculate that it can dissuade Beijing from opting for a military solution to the Spratlys problem by making it increasingly costly for China to forcibly expel the Vietnamese. The Vietnamese may also believe that if the reinforced outposts are attacked they could hold out long enough for diplomatic pressure to force Beijing to desist. [redacted]

More of the Same for Hanoi?

For now, we expect the Vietnamese to continue strengthening their offshore defenses, while they work on developing their ASW and long-range ground attack capabilities to counter China's naval power. When the weather improves in the fall, Hanoi may attempt to extend its control in the Spratlys by establishing additional outposts to block further Chinese occupation. The Vietnamese almost certainly recognize that their isolated garrisons remain vulnerable to a Chinese naval blockade or amphibious assault but may calculate that by fortifying their outposts and providing tactical air cover, they can deter China from making a direct assault. [redacted]

While we believe the Vietnamese are most likely to adopt a defensive posture, we would not rule out a Vietnamese attack on Chinese ships or outposts should China resume its provocative naval patrols or attempt to grab additional islets in the Spratlys. Hanoi probably believes time is on its side and that diplomatic pressure will eventually force China into negotiating an agreement that recognizes Vietnam's claim to some of the islands it occupies. [redacted]

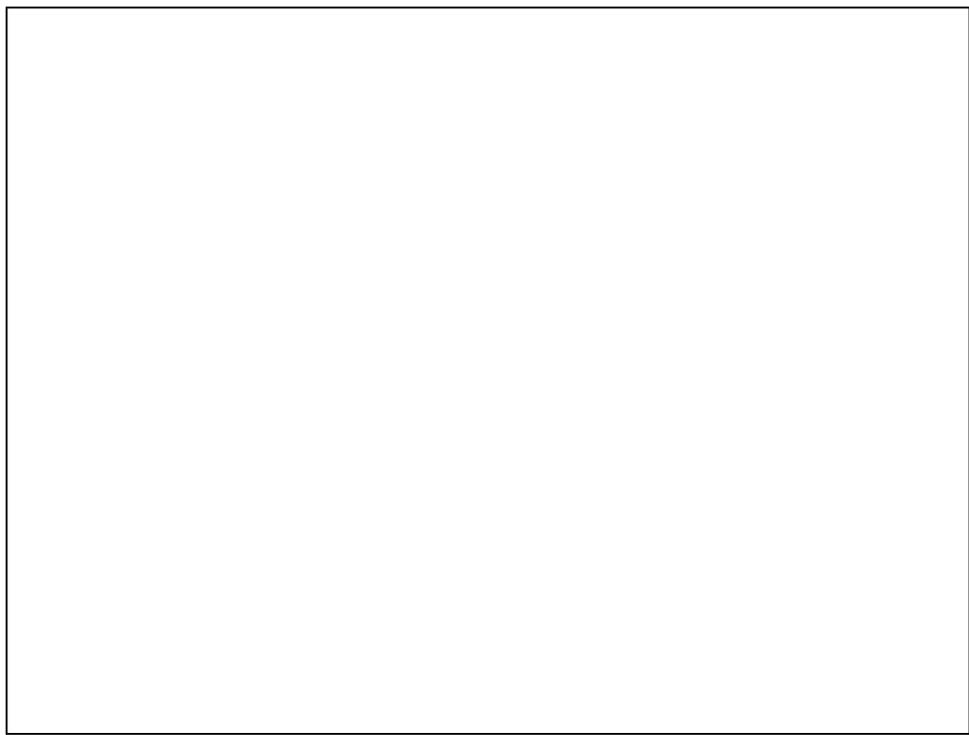
Negotiated Settlement Unlikely

Hanoi may be overly optimistic about the prospects of a diplomatic solution. Beijing has consistently refused to negotiate the status of the Spratly Islands with Vietnam, and we see little likelihood for a peaceful resolution of their dispute. On the contrary, we believe that China's decision to occupy reefs near Vietnamese garrisons increases the long-term prospects that Beijing will opt for a military solution. For now, we expect both sides to maintain a naval presence in the islands so they can defend against territorial infringements and also monitor each other's activities. With both sides militarily active in the islands, the chance of another incident remains relatively high. [redacted]

[redacted] Beijing has [redacted] proceeded cautiously in the Spratlys to preclude alarming its Southeast Asian neighbors. In reasserting its Spratlys claim and sending its Navy south, Beijing apparently sought to mollify Malaysia, the Philippines, and other regional states by alleging that its purpose was to establish an "oceanographic research station" in the islands under the aegis of the UN. Chinese officials subsequently

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reassured Kuala Lumpur and Manila that China's naval actions posed no threat to them and hinted that their differences over the Spratlys could be resolved through diplomatic means. [redacted]

[redacted]
[redacted] The Chinese almost certainly calculate that getting Vietnam out of the Spratlys is the key to resolving the dispute. Beijing probably also believes that once Vietnam is gone it will be able to resolve quickly its differences with Malaysia and the Philippines without resorting to force. [redacted]

Other Claimants Remain Wary

Southeast Asian states have not reacted strongly to China's move to assert itself in the Spratlys. Although the other claimants have expressed concern over the increased military activity in the disputed territory, they have refrained from joining Vietnam in condemning China for establishing bases in the islands. Officials in Kuala Lumpur and Manila – relieved that the 14 March clash did not escalate into a wider Sino-Vietnamese conflict that could threaten their Spratly outposts – have urged the Vietnamese and Chinese to settle their differences through negotiations. [redacted] Kuala Lumpur and Manila remain wary of both the Chinese and Vietnamese and are currently reexamining their options in the Spratlys:

- [redacted] *Philippine President Aquino considered withdrawing from the disputed islands, but her advisers convinced her not to remove the Philippine garrisons because of the possibility of discovering oil deposits in the islands.*
- *A delegation of Malaysian officials, including Prime Minister Mahathir, reportedly visited Swallow Reef in early June 1988 as part of a fact-finding mission to formulate government policy on the Spratlys. [redacted] Kuala Lumpur would probably break diplomatic relations with China if it attacked the three Malaysian-held islets.* [redacted]

[redacted] Manila and Kuala Lumpur see the current dispute as largely a bilateral issue for Beijing and Hanoi to resolve. In our judgment, neither party sees any immediate danger to their garrisons and both are likely to keep troops in the Spratlys as long as that perception holds. [redacted] Both will be watching to see what China and Vietnam do next. We suspect both parties would withdraw their troops and abandon their claims rather than risk a confrontation with China or Vietnam. Taiwan has announced that it would support Beijing if there is a Sino-Vietnamese conflict over the disputed islands. [redacted]

[redacted]
□ Malaysia has troops on Ardasier, Mariveles, and Swallow Reefs, while the Philippines have personnel on Flat, Loaita, Naushan, Thitu and West York Islands, Lankiam and Northeast Cays, and Commodore Reef. [redacted]

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Soviet Neutrality Tested

In our judgment, China also has to be pleased that Moscow has remained neutral on the Spratlys. The dispute has forced the Soviets to walk a tightrope as they try to maintain close relations with Hanoi, while seeking to improve ties to Beijing. A Soviet [redacted] acknowledged that the Spratlys incident had placed the Soviets in a difficult position. The Soviets have publicly supported Hanoi's call for negotiations to resolve the dispute, but Soviet Deputy Foreign Minister Rogachev [redacted] rebuffed a Vietnamese request to jointly condemn Chinese actions in the Spratlys. [redacted]

[redacted]

[redacted] the Soviet base at Cam Ranh Bay has provided logistic support to Vietnamese supply ships shuttling back-and-forth to the islands. Moscow also has stepped up its military assistance and may be helping Hanoi upgrade its military capabilities in the Spratlys:

[redacted]

• Likely candidates include assault helicopters, antiship missiles, or munitions that Vietnam's forces could use to attack Chinese ships and outposts in the Spratlys. [redacted]

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Subject: Sino-Vietnamese Confrontation in Spratlys Unlikely For Now (C NF)

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