China’s Petropolitics:
Its Business and Diplomacy in the South China Sea

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Abstract
China faces the threat of oil scarcity which has prompted the country to seek alternative oil sources, particularly in the disputed South China Sea. This research will discuss the relationship between China’s energy needs and efforts to control the South China Sea, describing China’s policies (petropolitics) in three approaches, namely diplomacy, military (defense) and economy (business, investment and aid) and its policy implementation to realize the interests of controlling oil resources in the South China Sea. This research uses a descriptive-qualitative method to analyse comprehensively the policy documents and official statements of the Government of China and ASEAN countries, and the analysis is supported by literature studies. Results of this research indicate that of the three approaches, the economic approach such as business and investment by China in Southeast Asia is currently more effective for China to strengthen its position and influence in Southeast Asia and the SCS dispute area and to control the oil in it. Meanwhile, diplomacy and military (defence) approaches use to support this economic approach.

Key Words: China’s Petropolitics, South China Sea, Diplomacy, Military, Business Politics, Investment

Cite this article:
INTRODUCTION

China is one of the largest oil consumers of petroleum in the world. This country has even been an importer of crude oil since 1993 (Daojiong, 2005; Stang, 2014; Zhang, 2006; Qinhua, 2007). China needs an adequate supply of oil to make sure the stock of high domestic demand is enough, especially to power the wheels of industry, transportation, and the needs of the household sector and as an alternative / substitute energy for coal which is now predominantly used in China.

To gain these oil needs, in addition to importing oil and domestic exploration, China is also trying to conduct energy exploration abroad (Ploberger, 2013) by relying on China National Petroleum Company (CNPC), China Petro-Chemical Cooperation (Sinopec), and China National Offshore Oil Company (CNOOC). China's coverage area includes Africa and America. In addition to these areas, efforts to diversify the oil sources location are also being carried out by China in the South China Sea (SCS) disputed area, which is strongly assumed of having large oil reserves - even gas - (Wu, 2013; Thuy, 2009; Ham, Montesano & Putten, 2016). Chinese data states that the SCS area has oil reserves of 213 billion barrels or 10 times the reserves of the United States (BBC, 2012). So that China calls this area The Second Persian Gulf (Purbo, 2006).

The SCS itself is an area of dispute between several claimant countries, namely Vietnam, Malaysia, the Philippines, Brunei, China, and Taiwan (Elisabeth & Prayogo, 2014; Junfeng, 2013; Kao & Pearre, 2013; Kosandi, 2014; Green, 2016). Each country mutually acknowledges that part of the SCS area is part of their country, except China. The country claims nearly 90 percent of the SCS area (Santos, 2014). For this claim, in 2014 China published a new map where there are Nine-dash Lines / Nine-dot Line / U-Shaped Line the basis for claims on the SCS (Tharoor, 2014).
Furthermore, the claim to the SCS was initially driven by an interest to restore China's territory and sovereignty as well as maritime power over the region (Shen, 2015). However, in its development, China is trying to control this area with the aim of obtaining and controlling energy sources, especially oil in the LCS (Chilcoat, 2014). China's efforts to control energy in the SCS based on at least 3 main factors, China’s urgency to meet the domestic oil demand, the geographic location of the SCS which is very close to China compared to other regions, and the perception that the SCS is part of China. Apart from these 3 factors, Spegele (2014) states that the LCS has not been explored on a large-scale, so that the energy potential, especially oil, is still very large.

In order to take control of the region, China faces many obstacles, especially Southeast Asian countries’ opposition towards China’s claims. To deal with this, China has taken several approaches, including Political Diplomacy, such as being willing to discuss the Declaration on the Conduct of Parties in the South China Sea or DOC (Panda, 2015); Offers a Maritime Silk Route and Economic Corridor investment program through the SCS and Southeast Asia; Conducting mining - and maritime - business activities in the LCS area; as well as preparing infrastructure and strengthening the military to placed in the SCS. With these steps, China could strengthen its position and influence over Southeast Asia and the SCS in particular, thus making it easier for China to continue the scenario of controlling oil energy sources in the SCS. China's strategic pattern that puts forward diplomacy, business and investment approaches, as well as strengthening the military to control SCS oil resources can be classified as petropolitical policies.
Petropolitic policy itself for consumer countries such as China is closely related to the state's way of influencing producers in terms of selling oil energy, including quantity, quality and price. In addition, it is also related to the safety of oil shipments from producing countries to consuming countries, as well as strategically, petropolitic is closely related to state efforts or methods to get oil from alternative sources, to get domestic demand as well as national reserves.

RESULTS AND DISCUSSIONS

China's diplomacy and foreign policy towards ASEAN regarding the South China Sea Issue and statement of art

Diplomatic relations between China and ASEAN related to the SCS issue have tended to not change significantly since China and ASEAN agreed to issue a Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002. This stagnation according to C.P.F. Luhulima is because the DOC is not a treaty or Code of Conduct (COC), but just a political statement to reduce tensions in the disputed area and this statement of willingness to enter into cooperation (Luhulima, 2011). Therefore, DOC is not legally binding, and the parties involved in it may not comply with the statement. With this fact, ASEAN as a Southeast Asian regional organization must encourage all parties involved in the conflict of sovereignty in the SCS to raise the level of DOC to COC (Calica, 2013). The aim is to create bonds between all parties in order to maintain regional stability.

The plan for making the COC itself had actually been initiated and started when the DOC agreed. However, until a decade after that, the COC could not be agreed upon. This happened because the parties to the conflict in the SCS did not find a common ground for their interests, especially territorial interests and sovereignty as well as differences in the attitudes of each party regarding the conflict issue in SCS. This phenomenon then shows at least two things; first, ASEAN's weak performance in resolving territorial conflicts, and second, the parties are not serious about resolving disputes, especially from China in a multilateral mechanism.

However, during Xi Jinping's administration (since 2013), China was willing to formulate the COC more specifically in a consultation meeting.
The meeting that was first held was the 6th Senior Official Meeting on the Implementation of the DOC (SOM-DOC) which was held in Suzhou City, Jiangsu Province, China on September 14-15, 2013. According to the results of this meeting, the respective parties conflict in the LCS committed to realizing a future COC. After the meeting, ASEAN-China held a follow-up meeting that brought together the disputing parties (including non-disputing ASEAN countries). The meetings were the 7th-13th ASEAN-China Senior Official Meeting on the Implementation of DOC; including the Joint Working Group on the Implementation of DOC. As for these meetings, on the 13th ASEAN-China SOM on the Implementation of DOC on 15-16 August 2016 in Manzhouli, Inner Mongolia, China, the following agreed upon:

“...take the Joint Statement of the Foreign Ministers of ASEAN Member States and China on the Full and Effective Implementation of the DOC as a guide and continue to work for the full and effective implementation of the DOC. The parties reaffirmed the commitment to resolving disputes peacefully through negotiation and consultation, fostering rules-based regional framework to manage differences, deepening practical maritime cooperation, advancing COC consultation and maintaining peace and stability in the South China Sea. The parties also exchanged views on ways to enhance institutional building for maritime cooperation and achieve the “four visions” on COC consultation without interference.”

Regarding this description, it is clear that prior to 2013, China's diplomacy towards ASEAN on the SCS issue including the drafting of the COC tended to be stuck compared to after 2013 which tended to melt away. It change in China's diplomatic attitudes and capabilities can be said to be closely related to regime change from Hu Jintao (2003-2013) to Xi Jinping (2013-present). In other words, in a relatively short period of time (2013-2016) Xi Jinping brought China become more lenient in facing ASEAN on the SCS issue. On the other hand, this also shows that Xi Jinping's leadership are cooperative and friendly and avoids conflicts with surrounding countries.

Furthermore, the change in strategy carried out by China certainly has implications, one of these related to China's oil politics in the SCS. One of them is analyzed from the relationship between China's interests and what China hopes from exist the COC. Oil as one of the potentials in the SCS has become part of China's interest, especially to make sure its domestic
energy security. Thus, China could just bring its interests to the COC discussion. The COC as the next step of the DOC where it states that parties either bilaterally or multilaterally can conduct maritime scientific research including research related to energy, especially oil.

However, the DOC does not yet have a clause of what to do after the research is done. What is the purpose to explore energy cooperations? Maybe this what China want from the COC discussion, namely a formal and clear mechanism related to energy management and exploration in the SCS. However, China still has to prioritize its national interests related to sovereignty, so it is not easy to find an attitude that reconciles the interests of energy exploration with the interests of sovereignty.

C.P.F. Luhulima said in the book Dynamics Southeast Asia towards 2015, once discussed this by saying that:

“... In disputes over maritime boundaries, the attractiveness of access to oil and gas resources on the continental shelf often plays a dual role. On the one hand, it is a motivating factor, encouraging the desire to resolve disputes as quickly as possible so that exploration can start immediately, especially if petroleum prices continue to soar. On the other hand, the presence of these internal resources can also be an obstacle to conflict resolution, because each party is not willing to give up or give up something that it considers its basic rights. There is also concern that if a compromise line is drawn in the disputed zone - and where there are overlapping claims - for joint development, most of the marine resources are in 'the wrong place of the line for the other side. .. ”(Luhulima, 2011)

In addition, C.P.F. Luhulima also stated that, “... dispute resolution built together by relying on the success in developing exploration and exploitation of oil and gas resources.” However, this was very difficult. The problem is, so far various researches on 'oil' from an economic and political perspective or security studies have always caused conflict and another cause is the difficulty in reconciling the interests of the parties in dispute on the issue of energy exploration. On the other hand, how the profit-sharing mechanism is, whether based on territory (which is clearly impossible, because of overlapping claims), or only based on state investment in exploration is also a problem in itself.
Furthermore, the practice of oil- and gas-exploration in the LCS has actually existed for a long time. However, exploration tends not optimal due to territorial conflicts and has instead become a trigger for new conflicts between claimants of the LCS. Therefore, COC need to become the guidelines for exploration activities carried out together. However, as mentioned before, China always wants to dominate; the question is, how is this possible; dominate China's interests in the COC? The answer is probably. However, countries that want to dominate must have another strategy to attract support from other countries that involved in making COC. This is what China has done, buy the supports. How to? China approached the countries involved in the COC bilaterally to then get support at the multilateral level.

With this fact, China will automatically strengthen bilateral relations more than strengthen the multilateral mechanism in resolving the SCS problem. In this context, China actually indirectly rejects exist ASEAN (even other international institutions such as the United Nations) in resolving disputes in the SCS and tends to prioritize the G to G approach in dispute issues. China's behavior is very logical related to its foreign policy which refuses intervention from any party. In other words, China considers ASEAN intervened by other parties and cannot be categorized as a country, so that ASEAN does not have sufficient reasons to mediate the SCS conflict.

Furthermore, this phenomenon from the ASEAN side can actually be said was very detrimental. The reason is, if this assumption is correct, then the desired COC will still be pushed back by China, until this country has the absolute support of most Southeast Asian countries. Thus, later the agreed COC could only represent the interests of China. On the other hand, China's activities as described above, tend to make ASEAN member countries not cohesive or borrow a term often used by C.P.F. Luhulima, there has been a Balkanization in Southeast Asia or in other words, China has indirectly made a divide et empera, aka political division against ASEAN countries.

Furthermore, the dynamics of ASEAN-China relations related to the SCS invited interference from other parties, such as the United States (US) and
institutions such as the International Arbitration Court. In 2013, the Government of the Philippines filed a territorial dispute in the SCS with the International Arbitration Court. However, the Chinese government refused to participate in the arbitration process and conveyed its position through China Adheres to the Position of Settling through Negotiation the Relevant Disputes between China and the Philippines in the South China Sea (also called China's White Paper on South China Sea).

Through this document, the Chinese government states that they have the rights to the SCS and the islands within it, the international community has already found out. Therefore, China will defend that right. In addition, the Chinese Government states in this document that the Philippines has invade and occupation of (part of) the SCS territory and claims to the occupied territories are illegal. China also said that due to exist the International Law of the Sea (especially the one used as the basis for the Philippines to submit a dispute to the International Arbitration Court: UNCLOS III 1982 Results) the dispute between the two countries was getting worse.

In 2016, the International Court of Arbitration issued its ruling declaring China's claim to the SCS invalid or illegal. This also applies to exist Nine-dash Line. Thus, the International Arbitration Court automatically won the Philippine lawsuit as a whole. Responding to this, the Chinese Government for the umpteenth time carried out legal warfare. China refuses to comply with the International Arbitration Court's ruling. The attitude of China rejecting this ruling is very logical because if China complies with the ruling then all Chinese interests in the SCS could be threatened, including the interest to explore oil in the SCS. Various facilities and infrastructure that have been or built-in the LCS will also be useless. Moreover, if China cannot explore oil in the SCS, this will threaten the future of China's domestic energy security, especially if it becomes increasingly difficult for China to obtain supplies from imports. In other words, rejecting this ruling is tantamount to securing the country's future. The phenomenon of China's refusal to comply with decide the International Arbitration Court shows that the power of international law is very weak when faced with the national interests of a country, especially a country classified as a superpower. In addition, this phenomenon also
shows that the state is selfish, must defend its national interests even though it must deal with international law.

On the other hand, the US has also expressed its disapproval of China's claims in the SCS since the 1950s. For decades, the US has always been China's opposition by supporting other claimant countries such as Vietnam (Corr, 2016; Alexander, 2015). The US also tried to encourage resolve the SCS dispute through an international mechanism that was determined by 1982 UNCLOS III result. In 2010, when the ASEAN Regional Forum was held, the Secretary of State of the United States, Hillary Clinton, who was present at the time stated that the United States had an interest in the SCS. Clinton said that conflict resolution in the SCS is the national interest of the United States (Chang, 2010). In 2015, the US conducted the Freedom of Navigation Operation. This operation caused the US to argue with China (Ham, Motesano, & Putten, 2016). In addition, in 2016, the United States and ASEAN held a meeting in Sunnyland, United States. One of the results is a common attitude to solve the SCS problem through international mechanisms that regulate in international law.

Furthermore, some experts said that the US also has an interest in the energy potential in the SCS (Rahn, 2017). In this case, there are three hypotheses related to this form of interest, namely for the interest of US energy security, for the interest of the energy business, or both. However, the geo-economic struggle is becoming dominant, with the US and China competing in doing business and investing in energy in the SCS through cooperation with Southeast Asian countries. This makes the issue of energy and oil politics become dominant in the current SCS conflict.

Responding to US intervention, China used an equal treatment approach, where China tried to compete with the US military and influence in Southeast Asia. The implement of this effort is to place a strong military in the SCS, provide assistance and investment to attract sympathy and strengthen influence in Southeast Asia, and continue to carry out activities as usual (such as energy exploration) in the SCS.
China's Military Power in the SCS and Its Implications for Business and Investment Security and Regional Security

Since 1998, China has begun increasing its military capacity. This is in line with the military modernization program listed in China's National Defense White Paper 1998. These efforts have continued to this day with the general aim of maintaining sovereignty and territorial integrity. Today, China is a country with strong military capabilities. According to the ranking created by the CIA and released on globalfirepower.com in 2016, China's military power ranks third in the world. In addition, every year China's military budget tends to increase. See the following diagram:

![Diagram 1: Chinese Military Budget 2013 - 2016](Data processed from globalsecurity.org)

Other data states that China's military budget in 2015 was six times greater than the accumulated military budget of Southeast Asian countries, even the difference between the two reached $150 billion (Denyer, 2016). With such a large military capacity and budget, it is no pretense that China is the new giant in the region.

Furthermore, the current development of the international situation has led the Chinese military to not only have the task of guaranteeing sovereignty and territorial integrity as mentioned above, but also to help economic development. This is as stated in China's Defense White Paper 2012. The economic development in question can take various forms, such as securing trade routes, securing business and investment abroad (See: PLA Academy of Military Science, 2013), securing resource exploration.
natural resources, safeguarding maritime resources, or securing supporting facilities such as pipes.

The binding of military power to support economic development was too much in line with the times, where the state not only faces problems or classic issues such as sovereignty, but also contemporary issues in the economic field such as business, investment, trade or natural resources. This is what mentioned in China's Military Strategy 2015 as the effect of economic globalization. Changes that occur in China's military duties are theoretically appropriate considering that economic globalization as referred to in China’s Military Strategy 2015 is a very determinant factor create today's international (political) structures (See: Kennedy, 1988; Friedman, 2016 ), so it is important to respond to this. However, the relationship between the military and the economy is not one-way, but reciprocal. A rapidly growing economy, with or without the support of military power will have an effect on the military power itself (See: Kennedy, 1988), both budget, posture, and duties.

The military and economic strength in China is also associated with energy issues, especially oil; where oil is very important for both economic and military development. Thus, the military has enough reasons to take part in efforts to secure energy. However, it is well-known that China has problems with oil supply, so it must import or look for other sources of oil energy. Therefore, the military is also directed at securing the (oil) trade route as well as securing business and investment in the oil industry at home and abroad.

In relation to the issue of the South China Sea, China has indeed determined it as one of the national interests that defended. As for the LCS itself has two sides that maintained, namely territoriality and its potential, especially oil energy; including various business activities, investment, and oil energy trade routes. Currently China has placed its military in the SCS and is carrying out military base building activities in the region. The Chinese military strength in the LCS mapped through the following picture:
Furthermore, technically, China has sent warships and fighter jets to the region (Julio, 2015), built military bases (Wong, 2015), and carried out island reclamation in the LCS area (Bloomberg, 2015; Dolven, Elsea, Lawrence, Rourke, & Rinehart, 2015; Sinaga, 2015; Williams, 2015). The various military actions and coercive actions of China could be said as part of psychological warfare. This phenomenon has generally triggered pressure on Southeast Asian countries, especially those claiming the SCS. In order to reduce this pressure, several countries such as Vietnam have held military cooperation with the United States to counterbalance China in the SCS.

Geopolitically, the presence of the Chinese military in the SCS and this coercive action will certainly lead to instability in regional security. This is because China's activities are certainly considered a threat or danger that countries that feel threatened, especially countries around the SCS, must
respond to. However, China itself in its foreign and defense policies tries to change this belief by saying that China's rise is not a threat, but an opportunity. China wants to create a warm atmosphere with the surrounding countries to smooth all its interests, especially in the SCS.

The efforts made by China to create such a warm atmosphere include holding defense cooperation with several countries in Southeast Asia, especially those involved in the conflict in the SCS. One of the collaborations that had been agreed upon during the 2013-2016 period was defense cooperation with Malaysia. Xi Jinping and Tun Abdul Razak (Prime Minister of Malaysia) agreed to hold this collaboration to respond to the situation in the LCS (The Guardian, 2016).

Furthermore, the various descriptions above theoretically show that China is moving with some geopolitical doctrines. The geopolitical doctrine in question is as stated by Alfred T. Mahan, Michael Collon, and Sir Walter Raleigh, namely command the sea, command the trade and natural resources (oil), command the world. As for exist a command the world clause, it said that China's goal by mastering the SCS is to control the world. If this assumption is correct, then this will clearly be a tremendous threat to Southeast Asian countries as well as the United States and its allies. Thus, these countries have enough reasons to fight China in the SCS. The way this done is by competing interests through diplomacy, foreign policy, and geopolitical battles.

**The Politics of Chinese Business in Southeast Asia: Trade and Investment Dynamics**

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ASEAN-China trade could be a form of relations between the two parties besides diplomatic relations. Trade between parties creates a dependency in which each party, one another, is in need of each other. Each party can use trade for profit, expand the market, and to meet domestic needs that cannot be produced alone. The trade of the two parties is also an instrument to measure how strong the diplomatic relations between the two parties are.

Furthermore, since 2010 ASEAN-China has agreed on exist an ASEAN-China Free Trade Agreement (ACFTA) which has been fully implemented since 2015. Through this agreement, all trade restrictions reduced or even removed, thereby smoothing trade flows. With this phenomenon, the level of competition between ASEAN countries and China will be higher, so that trade then turns into instrument power and influence of a country on other countries. Countries that are able to achieve a trade surplus and control the market can dominate the economy in the region, create unbalanced dependence, and exert (political) influence through trade flows. Furthermore, in the 2013-2015 period, trade flows (exports and imports) between China and ASEAN countries show that currently China is more dominant (surplus) compared to ASEAN countries. This can be seen in Table 1.

Furthermore, in 2016, China’s exports to ASEAN remained larger than ASEAN exports to China. See the following diagram:

![Diagram 2: China's exports to ASEAN](tradingeconomics.com)
Diagram 3: China’s imports from ASEAN (tradingeconmic)
Table 1: ASEAN-China Trade Statistics 2013-2015

See: [https://data.aseanstats.org/trade.php](https://data.aseanstats.org/trade.php)

<table>
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<tr>
<th>Reporter</th>
<th>Partner</th>
<th>Perdagangan Total</th>
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<tr>
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<td></td>
<td></td>
<td>Export (USD)</td>
<td>Import (USD)</td>
<td>Export (USD)</td>
</tr>
<tr>
<td>Brunei</td>
<td>China [CN]</td>
<td>TOTAL</td>
<td>156,446,054</td>
<td>406,387,269</td>
<td>97,143,099</td>
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<td>Cambodia</td>
<td>China [CN]</td>
<td>TOTAL</td>
<td>274,411,718</td>
<td>2,992,086,925</td>
<td>356,595,298</td>
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<tr>
<td>Lao PDR</td>
<td>China [CN]</td>
<td>TOTAL</td>
<td>363,403,664</td>
<td>511,213,190</td>
<td>709,924,375</td>
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<tr>
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<td>China [CN]</td>
<td>TOTAL</td>
<td>3,053,061,802</td>
<td>3,662,524,391</td>
<td>4,035,374,092</td>
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<td>China [CN]</td>
<td>TOTAL</td>
<td>6,582,556,741</td>
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<td>846,745,296</td>
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<tr>
<td>ASEAN</td>
<td>China [CN]</td>
<td>TOTAL</td>
<td>152,545,531,733</td>
<td>197,962,836,995</td>
<td>150,849,173,865</td>
</tr>
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</table>
Table 2: Comparison of ASEAN Trade with Several Countries in the World
See: https://data.aseanstats.org/trade.php

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<tr>
<td>Reporter</td>
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<td>Export (USD)</td>
<td>Import (USD)</td>
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<td>9,000,626.028</td>
<td>9,185,417.279</td>
<td>7,685,405.492</td>
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<td>China [CN]</td>
<td>TOTAL</td>
<td></td>
<td>152,545,531.733</td>
<td>197,962,836.995</td>
<td>150,849,173.865</td>
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<td>India [IN]</td>
<td>TOTAL</td>
<td></td>
<td>41,935,240.203</td>
<td>25,926,651.684</td>
<td>43,325,967.205</td>
<td>24,407,511.283</td>
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<td>Republic of Korea [KR]</td>
<td>TOTAL</td>
<td></td>
<td>52,822,992.666</td>
<td>82,139,580.091</td>
<td>51,639,683.718</td>
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<td>Russian Federation [RU]</td>
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<td></td>
<td>5,243,540.967</td>
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<td>5,414,416.574</td>
<td>17,121,225.763</td>
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<td>TOTAL</td>
<td></td>
<td>114,509,738.976</td>
<td>92,345,682.838</td>
<td>122,313,842.586</td>
<td>90,172,813.827</td>
</tr>
</tbody>
</table>
Geopolitically, the presence of the Chinese military in the SCS and this coercive action will certainly lead to instability in regional security. This is because China’s activities are certainly considered a threat or danger that countries that feel threatened, especially countries around the SCS, must respond to. However, China itself in its foreign and defense policies tries to change this belief by saying that China’s rise is not a threat, but an opportunity. China wants to create a warm atmosphere with the surrounding countries to smooth all its interests, especially in the SCS.

Given these facts, could be said that China has dominated the Southeast Asian market compared to Southeast Asian countries themselves. Therefore, China can control market phenomena, such as demand, supply, price or distribution. Furthermore, China’s position as the market king in Southeast Asia is also supported by the data in Table 2.

Furthermore, apart from trade, another form of economic relations between China and Southeast Asian countries is investment. Investment is also one of the instruments of the strong relationship between China and Southeast Asian countries. Theoretically, Chinese investment in Southeast Asia driven by several reasons, including: (a) Southeast Asia is very close to China, (b) Southeast Asia is a promising market (seen from the population), and (c) the political conditions tends being quite stable.

The exist of Chinese investment in Southeast Asia has at least two dimensions, namely dimensions that show a positive side, such as accelerating infrastructure development, reducing the number of unemployed, and encouraging the rate of economic growth. However, there are also negative dimensions of this investment, such as the threat of domination and monopoly as well as investment which used as a tool to suppress countries in Southeast Asia. Furthermore, the following is data on direct investment from China to Southeast Asia in the 2013-2015 period:
Table 3: Chinese investment into Southeast Asia 2013 - 2015 (data.asenstats.org)

<table>
<thead>
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<td>ASEAN</td>
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<td>Brunei</td>
<td>China [CN]</td>
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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cambodia</td>
<td>China [CN]</td>
<td>286.75</td>
<td>553.89</td>
<td>537.68</td>
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<td>Indonesia</td>
<td>China [CN]</td>
<td>590.78</td>
<td>1,068.21</td>
<td>321.89</td>
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<tr>
<td>Lao PDR</td>
<td>China [CN]</td>
<td>0.00</td>
<td>614.26</td>
<td>665.09</td>
</tr>
<tr>
<td>Malaysia</td>
<td>China [CN]</td>
<td>133.13</td>
<td>302.21</td>
<td>275.25</td>
</tr>
<tr>
<td>Myanmar</td>
<td>China [CN]</td>
<td>792.60</td>
<td>70.54</td>
<td>52.44</td>
</tr>
<tr>
<td>Philippines</td>
<td>China [CN]</td>
<td>6.00</td>
<td>46.61</td>
<td>59.02</td>
</tr>
<tr>
<td>Singapore</td>
<td>China [CN]</td>
<td>2,729.90</td>
<td>4,206.60</td>
<td>5,658.60</td>
</tr>
<tr>
<td>Thailand</td>
<td>China [CN]</td>
<td>938.86</td>
<td>-81.77</td>
<td>305.47</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>China [CN]</td>
<td>948.16</td>
<td>209.56</td>
<td>381.01</td>
</tr>
</tbody>
</table>

In addition, direct investment provided by China is also directed to smoother several other investment programs offered to Southeast Asian countries, namely: the Maritime Silk Route and Economic Corridor. The maritime silk route is a form of investment and trade coöperation initiated by China which routes through the Southeast Asian region (waters); South China Sea, waters of Indonesia, Singapore, the Strait of Malacca, to the exit of the Indian Ocean. Meanwhile, the economic corridor is a form of investment and trade coöperation initiated by China on the Southeast Asian peninsula (mainland). The 13th Five Year Plan called the China-Indochina Peninsula Corridor.

In its development, interpret economic corridors may faster than the to interpret maritime silk route. This is because China before had the Greater Mekong Subregion Economic Cooperation (GMS) with Viet Nam, Laos, Cambodia, Thailand, and Myanmar (Read: Guangsheng, 2016). Meanwhile, the maritime silk route has not been well-developed one of the reasons is because of the conflict in the SCS (See: Hong, 2016; Hui-yi, 2016; Guluzian, 2016) and absent similar cooperation with countries such as Indonesia, Malaysia, and Singapore before. However, China continues to promote the idea of a maritime silk road as part of One Belt, One Road (OBOR) to ASEAN countries so that realized in the future. To support this idea, especially the maritime silk route, China
then built the Asian Infrastructure and Investment Bank or AIIB. Until 2017, there have been at least 70 countries in the world that have contributed to AIIB, while most of them are Asia-Pacific countries. In 2017, AIIB also financed 6 infrastructure development projects to support OBOR in Southeast Asia. Most of them are in Indonesia.

Furthermore, basically, both trade, investment or economic cooperation carried out by China to Southeast Asia are part of the country's economic diplomacy. China seeks to use its economic power (money) to strengthen its relations with the Southeast Asian nation, attracting attention and maybe even buying support.

For example, trade, which is also known as Gods Diplomacy, was successfully used by China to dominate the Southeast Asian market. This phenomenon is of course contrary to the fact that ASEAN has more players when faced with China alone, as well as the Chinese market which is also larger than the Southeast Asian market (seen from the population), so ASEAN should be more dominant than China. The question now is why does China need to make a trade surplus?

Facts show that this country is facing the phenomenon of overproduction (See: Wu, 2016;; Hao, 2016; AEGIS Europe, 2015; Daily Nation, 2016) so that it needs a bigger market abroad. This shows that China is facing an overheated condition that can threaten the domestic economy. This can also be used as a reason for China should promote economic corridors and maritime silk routes.

Furthermore, the question that arises then is how the economic corridor and maritime silk route can save China? As mentioned earlier, the economic corridor and maritime silk route have two dimensions, namely trade and investment. These two things intertwined as a mechanism to save China. When a country joins an economic corridor or maritime silk route, that country gonna have the opportunity to obtain more investment (than just direct investment) from China.
However, the investment will use an aid mechanism stipulated by China in China's Foreign Aid White Paper.

It should noted that mechanism 1 and mechanism 2 are directly from the Chinese government, but in mechanism 3, the Chinese government represented by a state company such as a Bank. Furthermore, this investment is not unconditional, but China requires countries to trade at least 50% of total investment with China, where one form of trade is that the recipient country will export raw materials to China and China will export technology to the country. recipients (See: Wolf, Wang, and Warner, 2013). In addition, the use of the Bank as a third-party between China and the recipient countries of investment shows that China is using the Bretton Wood strategy similar to the United States which uses the IMF or World Bank to control countries receiving investment help.

Furthermore, what China can then gain by pursuing this strategy in Southeast Asia apart from saving the domestic economy from overproduction. The answer is to solve political problems, including territorial disputes, as well as to exert influence in Southeast Asia. The dispute problem in question is the LCS dispute. In this case, China has succeeded in influencing and even changing the attitudes of most Southeast Asian countries of the issue of SCS disputes with this method. The description is as follows:

Cambodia. This country is the only ASEAN member country that fully supports China. In 2012, the country refused to discuss the SCS issue at the ASEAN Summit which was held in Phnom Penh, Cambodia (Perlez, 2012; Severino, 2012; BBC, 2012. In addition, in 2015, the Prime Minister of Cambodia, Hun Sen stated that "... Ultimately, it is not an issue for ASEAN. It is a bilateral issue between the concerned countries, which need to talk between themselves .." (Evans, 2015). This indicates that Cambodia's attitude is in line with China, consider that ASEAN does not have enough reasons to resolve the SCS dispute problem and support a bilateral and not multilateral approach.
Laos. This country also supports China's position (See: Wong, 2016). The Prime Minister of Laos, Thongloun Sisoulith, when meeting with the Prime Minister of China, Li Keqiang said that, '... Laos supports China's position, and is willing to work with China to support peace and stability in the South China Sea region (Wong & Edward, 2016 'On the other hand, this country also supports China's position in international arbitration related to SCS disputes (Xinglei, 2016).

Myanmar, has also positioned itself as a party that wants ASEAN be neutral (Shihong, 2014). In relation to international arbitration related to the SCS issue, Myanmar does not agree or disagree on the results issued in 2016. However, Myanmar supports consultations and negotiations between disputing countries and supports resolve COC discussions.

On the other hand, Thailand is a country that supports China's position as a peace and stability maker in the South China Sea. Thai Government official, Weerachon Sukondhapatipak revealed that, '... promoting peace and stability in the ocean is important to all parties and Thailand supports China's efforts in this regard.' However, he also said that, '... wants to see peace maintained in the interests of all parties (Macfie, 2016).

Singapore, this country has a fairly consistent attitude to date, namely wanting peace in the SCS area with a multilateral mechanism. This is as stated by the Singapore Minister of Foreign Affairs in 2012 in Phnom Penh that:

"...We are not a claimant state and we have always maintained that by their very nature, the specific territorial disputes in the South China Sea can only be settled by the parties directly concerned. However, that does not mean that Singapore has no interests in these disputes. Singapore's interests in the disputes, and the South China Sea, including on the question of the freedom of navigation, have been stated clearly on several occasions and I do not propose to repeat them here... ASEAN needs to work closely with China, a claimant state, to promote cooperation and manage tensions in the area. A good start is the full implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) that both sides signed in 2002 to build confidence and
trust amongst the participants. In the same way, ASEAN and China should start talks on a Code of Conduct in the South China Sea (COC) soon...” (mfa.gov.sg, 2012)

Furthermore, Malaysia, in 2016 agreed with China to hold defense and military cooperation in the SCS (Watt, 2016). Malaysia itself has agreed on bilateral talks with China about the SCS issue (The Guardian, 2016). This agreed upon during the visit of Malaysian Prime Minister Najib Razaq to Beijing in the context of woo new investment (The Guardian, 2016). Some experts consider that Razaq's reputation which fell due to the corruption scandal caused distrust of (Western) investors, so that China has made his replacement (Chandran, 2016).

Brunei, In 2016, the Sultan of Brunei, Hasanah Bolkiah conveyed two attitudes related to resolution of the SCS conflict at the 11th East Asian Summit, namely resolving disputes through dialogue and consultation and encouraging ASEAN and China to create stability in the region (Borneo Bulletin, 2016). However, this does not fully apply to the Sino-Brunei bilateral relationship because 'China has reached out to jointly explore deep-sea opportunities for production sharing. Brunei has accepted the deal and made its peace on overlapping sea claims' (Pereira, 2016; The Brunei Times, 2011; Xiaokun, 2011).

Vietnamese. During the 2013-2016 period, China-Vietnam relations related to the SCS issue did not tend to change. Both of them remain a view of defending their respective interests in the LCS. However, in 2014 China sent diplomats to Vietnam to discuss the SCS issue, especially the issue of oil exploration disputes (Perlez, 2014), but the results were still deadlocked (Lipes, 2014). Vietnamese Prime Minister Nguyen Tan Dung even said that, 'China's act also threatens peace, stability, security and safety of navigation and aviation in the region, while causing indignation and hurting the sentiments of Vietnamese people, putting negative impacts on the cooperation between the two. Parties and countries (Lipes, 2014).
Indonesia itself as a country that does not want called a claimant state remains a concern because of its influence as primus inter pares in Southeast Asia. Indonesia tends stay neutral and wants a multilateral mechanism to resolve disputes in the SCS. However, since the change of Susilo Bambang Yudhoyono's regime to Joko Widodo's regime in 2014, Indonesia has also started to change its attitude regarding the SCS issue. Analyst Aaron L. Connelly (2017) states that Indonesia under the Joko Widodo regime is currently no longer diplomatically active in relation to the SCS and is more focused on defending sovereignty. In addition, this guided by several factors, one of which is Joko Widodo's goal to attract investment from China (Read: Pattiradjawane, 2015).

Furthermore, based on the description above, it can conclude that at least eight out of ten ASEAN countries have experienced a change in attitude of the issue of the SCS conflict. These countries are Myanmar, Thailand, Laos, Cambodia, Philippines, Brunei, Malaysia and Indonesia. Meanwhile, the other two, Singapore and Vietnam, keep consistent in their attitude (to oppose China). The cohesiveness and similarity of attitude related to the SCS issue that ASEAN countries had in 2002 are starting to fade at this time. This phenomenon is worrying for the future of ASEAN solidity either as an institution or a community and this will benefit China directly or indirectly, now or in the future.

Changes in the attitudes of eight of the ten Southeast Asian countries influenced by a fairly determinant factor, namely investment (as assumed above). Myanmar, Laos, and Cambodia, such as, changed their attitudes because the investment value from China was greater than from other countries such as Japan and the United States. Meanwhile, the Philippines, Thailand, Malaysia, Indonesia, and Brunei also have hopes and interest in investment from China, so it is necessary to show closer ties with China, attract Chinese attention or sympathy, including by supporting China's position and attitude towards the SCS.
Table 4: Relationship between Changes in Attitudes of Southeast Asian Countries and Chinese Investment

<table>
<thead>
<tr>
<th>No</th>
<th>Negara</th>
<th>Sikap terkait Posisi China di LCS</th>
<th>Keberadaan an Investasi China</th>
<th>Kemungkinan adanya Pengaruh Investasi terhadap Perubahan Sikap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brunei</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>2</td>
<td>Filipina</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>3</td>
<td>Indonesia</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>4</td>
<td>Kamboja</td>
<td>Mendukung China</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>5</td>
<td>Laos</td>
<td>Mendukung China</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>6</td>
<td>Malaysia</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>7</td>
<td>Myanmar</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>8</td>
<td>Singapura</td>
<td>Konsisten</td>
<td>Ada</td>
<td>Tidak Ada</td>
</tr>
<tr>
<td>9</td>
<td>Thailand</td>
<td>Terjadi Perubahan Sikap</td>
<td>Ada</td>
<td>Ada</td>
</tr>
<tr>
<td>10</td>
<td>Vietnam</td>
<td>Konsisten</td>
<td>Ada</td>
<td>Tidak Ada</td>
</tr>
</tbody>
</table>

By considering the table above and then related to the concept of dispute management in security studies, (confrontation, cooperation, and status quo), China's policies related to SCS are direct or indirect and / or interactions / relations between China and other countries. Current and future claimants for LCS are as follows:

Table 5: Relationship between ASEAN Countries and China regarding SCS

<table>
<thead>
<tr>
<th>Negara</th>
<th>Hubungan dengan China</th>
<th>Kebijakan China terkait LCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>Konfrontasi</td>
<td>Konfrontatif</td>
</tr>
<tr>
<td>Brunei</td>
<td>Kerja Sama</td>
<td>Kooperatif</td>
</tr>
<tr>
<td>Filipina</td>
<td>Kerja Sama</td>
<td>Kooperatif</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Kerja Sama</td>
<td>Kooperatif</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Status Quo</td>
<td>Kooperatif</td>
</tr>
</tbody>
</table>
Even so, the relationship between China and ASEAN countries related to the SCS as mentioned in the table above is a current assessment and a prediction for the future, however this can still change along with developments in international politics, the other's influence parties such as the United States, development of interests. each country, China's attitudes and policies related to the SCS, fluctuations in Chinese investment, and the real situation in the SCS area. This shows the dynamic relationship between countries around the SCS area.

Furthermore, the plan to build a Maritime Silk Road as mentioned above must addressed more wisely and not only focus on investment and trade issues, but also see the geopolitical elements of the route's existence. If seen, the Maritime Silk Road could be said as a route that connects energy-producing regions, especially oil, such as the Middle East, Africa and the SCS. This means that this route is not only a route for energy trade, but also a route to get new energy at the same time for China.

However, the construct of Maritime Silk Road in Southeast Asia will be difficult if China does not resolve the conflict in the SCS. China may face difficulties when it comes to building infrastructure for the benefit of the Maritime Silk Road in the disputed area. But why is China still pursuing this plan? Even to form AIIB and garner support? This is what can then be said as a reverse logic carried out by China; This country creates a trade and investment network first through the idea of the Maritime Silk Road and AIIB as its financial institutions, then carries out bilateral diplomacy to garner support, creates a sense of gratitude to China, then seeks support for dispute resolution then takes control of the SCS (de facto).

Given these facts, could be ingrate the exist of Chinese investment in Southeast Asia is closely related to efforts to master the SCS and its potential. This phenomenon is a form of China's geopolitical and geoeconomic strategy which is arguably very mature.
CONCLUSIONS

China is currently facing energy security issues, namely threats related to oil supplies. China must meet its increasing domestic needs along with rapid economic growth and as a national reserve. In response to this (potential) threat, China is trying to find alternative sources of energy - oil - such as Africa and America, but also to the disputed areas of the South China Sea. Large oil resources and has not been fully explored predicted will be this region belonging.

To control the disputed area, China faces obstacles, especially resistance from Southeast Asian countries. Therefore, China then implemented oil / petropolitical politics as a way to get oil supplies. This
petropolitical policy spelled out in three forms, namely diplomacy, military, and business and investment.7

First, China's diplomatic steps taken an approaching Southeast Asian countries bilaterally (tending to avoid multilateral diplomacy) to resolve conflicts. This shows China's attitude that wants to localize the SCS issue. Second, China opened economic cooperation, particularly investment and trade, provided assistance and loans to facilitate this (political) diplomacy; and Third, China also strengthens its claim by placing the military in the SCS area and building military facilities, including reclaim the islands in disputed areas.

Of the three methods or approaches, economic approaches such as investment policies and assistance by China in Southeast Asia and oil business activities in the SCS are more dominant in China to strengthen its position in the disputed area and to control oil in it. Meanwhile, diplomacy and military (defense) approaches use to support this economic approach. This shows that there is a shift in the way or attitude adopted by China in responding to the SCS issue.

Furthermore, to respond to China about the SCS issue, ASEAN countries suppose to solid and cooperate in defending regional interests. ASEAN must also be able to encourage disputing countries, including China, to comply with international law. On the other hand, there must a balance of power in disputed areas by increasing economic and military independence. Thus, the SCS will be difficult for China to master.
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