

**PERMANENT COURT OF ARBITRATION**

Peace Palace, Carnegieplein 2,  
2517 KJ The Hague, The Netherlands

Telephone : +31 70 302 4165  
Facsimile : +31 70 302 4167  
E-mail : [bureau@pca-cpa.org](mailto:bureau@pca-cpa.org)  
Website : [www.pca-cpa.org](http://www.pca-cpa.org)



**COUR PERMANENTE D'ARBITRAGE**

Palais de la Paix, Carnegieplein 2,  
2517 KJ La Haye, Pays-Bas

Téléphone : +31 70 302 4165  
Télécopie : +31 70 302 4167  
Courriel : [bureau@pca-cpa.org](mailto:bureau@pca-cpa.org)  
Site Internet : [www.pca-cpa.org](http://www.pca-cpa.org)

---

**PRESS RELEASE**

---

**THE SOUTH CHINA SEA ARBITRATION**  
**(THE REPUBLIC OF THE PHILIPPINES V. THE PEOPLE'S REPUBLIC OF CHINA)**

The Hague, 12 July 2016

**The Tribunal Renders Its Award**

A unanimous [Award](#) has been issued today by the Tribunal constituted under [Annex VII](#) to the [United Nations Convention on the Law of the Sea](#) (the “**Convention**”) in the arbitration instituted by the Republic of the Philippines against the People’s Republic of China.

This arbitration concerned the role of historic rights and the source of maritime entitlements in the South China Sea, the status of certain maritime features and the maritime entitlements they are capable of generating, and the lawfulness of certain actions by China that were alleged by the Philippines to violate the Convention. In light of limitations on compulsory dispute settlement under the Convention, the Tribunal has emphasized that it does not rule on any question of sovereignty over land territory and does not delimit any boundary between the Parties.

China has repeatedly stated that “it will neither accept nor participate in the arbitration unilaterally initiated by the Philippines.” Annex VII, however, provides that the “[a]bsence of a party or failure of a party to defend its case shall not constitute a bar to the proceedings.” Annex VII also provides that, in the event that a party does not participate in the proceedings, a tribunal “must satisfy itself not only that it has jurisdiction over the dispute but also that the claim is well founded in fact and law.” Accordingly, throughout these proceedings, the Tribunal has taken steps to test the accuracy of the Philippines’ claims, including by requesting further written submissions from the Philippines, by questioning the Philippines both prior to and during two hearings, by appointing independent experts to report to the Tribunal on technical matters, and by obtaining historical evidence concerning features in the South China Sea and providing it to the Parties for comment.

China has also made clear—through the publication of a Position Paper in December 2014 and in other official statements—that, in its view, the Tribunal lacks jurisdiction in this matter. [Article 288](#) of the Convention provides that: “In the event of a dispute as to whether a court or tribunal has jurisdiction, the matter shall be settled by decision of that court or tribunal.” Accordingly, the Tribunal convened a hearing on jurisdiction and admissibility in July 2015 and rendered an [Award on Jurisdiction and Admissibility](#) on 29 October 2015, deciding some issues of jurisdiction and deferring others for further consideration. The Tribunal then convened a hearing on the merits from 24 to 30 November 2015.

The Award of today’s date addresses the issues of jurisdiction not decided in the Award on Jurisdiction and Admissibility and the merits of the Philippines’ claims over which the Tribunal has jurisdiction. The Award is final and binding, as set out in [Article 296](#) of the Convention and [Article 11 of Annex VII](#).

**Historic Rights and the ‘Nine-Dash Line’:** The Tribunal found that it has jurisdiction to consider the Parties’ dispute concerning historic rights and the source of maritime entitlements in the South China Sea. On the merits, the Tribunal concluded that the Convention comprehensively allocates rights to maritime areas and that protections for pre-existing rights to resources were considered, but not adopted in the Convention. Accordingly, the Tribunal concluded that, to the extent China had historic rights to resources in the waters of the South China Sea, such rights were extinguished to the extent they were incompatible with the exclusive economic zones provided for in the Convention. The Tribunal also noted that, although

Chinese navigators and fishermen, as well as those of other States, had historically made use of the *islands* in the South China Sea, there was no evidence that China had historically exercised exclusive control over the *waters* or their resources. The Tribunal concluded that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the ‘nine-dash line’.

**Status of Features:** The Tribunal next considered entitlements to maritime areas and the status of features. The Tribunal first undertook an evaluation of whether certain reefs claimed by China are above water at high tide. Features that are above water at high tide generate an entitlement to at least a 12 nautical mile territorial sea, whereas features that are submerged at high tide do not. The Tribunal noted that the reefs have been heavily modified by land reclamation and construction, recalled that the Convention classifies features on their natural condition, and relied on historical materials in evaluating the features. The Tribunal then considered whether any of the features claimed by China could generate maritime zones beyond 12 nautical miles. Under the Convention, islands generate an exclusive economic zone of 200 nautical miles and a continental shelf, but “[r]ocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.” The Tribunal concluded that this provision depends upon the objective capacity of a feature, in its natural condition, to sustain either a stable community of people or economic activity that is not dependent on outside resources or purely extractive in nature. The Tribunal noted that the current presence of official personnel on many of the features is dependent on outside support and not reflective of the capacity of the features. The Tribunal found historical evidence to be more relevant and noted that the Spratly Islands were historically used by small groups of fishermen and that several Japanese fishing and guano mining enterprises were attempted. The Tribunal concluded that such transient use does not constitute inhabitation by a stable community and that all of the historical economic activity had been extractive. Accordingly, the Tribunal concluded that none of the Spratly Islands is capable of generating extended maritime zones. The Tribunal also held that the Spratly Islands cannot generate maritime zones collectively as a unit. Having found that none of the features claimed by China was capable of generating an exclusive economic zone, the Tribunal found that it could—without delimiting a boundary—declare that certain sea areas are within the exclusive economic zone of the Philippines, because those areas are not overlapped by any possible entitlement of China.

**Lawfulness of Chinese Actions:** The Tribunal next considered the lawfulness of Chinese actions in the South China Sea. Having found that certain areas are within the exclusive economic zone of the Philippines, the Tribunal found that China had violated the Philippines’ sovereign rights in its exclusive economic zone by (a) interfering with Philippine fishing and petroleum exploration, (b) constructing artificial islands and (c) failing to prevent Chinese fishermen from fishing in the zone. The Tribunal also held that fishermen from the Philippines (like those from China) had traditional fishing rights at Scarborough Shoal and that China had interfered with these rights in restricting access. The Tribunal further held that Chinese law enforcement vessels had unlawfully created a serious risk of collision when they physically obstructed Philippine vessels.

**Harm to Marine Environment:** The Tribunal considered the effect on the marine environment of China’s recent large-scale land reclamation and construction of artificial islands at seven features in the Spratly Islands and found that China had caused severe harm to the coral reef environment and violated its obligation to preserve and protect fragile ecosystems and the habitat of depleted, threatened, or endangered species. The Tribunal also found that Chinese authorities were aware that Chinese fishermen have harvested endangered sea turtles, coral, and giant clams on a substantial scale in the South China Sea (using methods that inflict severe damage on the coral reef environment) and had not fulfilled their obligations to stop such activities.

**Aggravation of Dispute:** Finally, the Tribunal considered whether China’s actions since the commencement of the arbitration had aggravated the dispute between the Parties. The Tribunal found that it lacked jurisdiction to consider the implications of a stand-off between Philippine marines and Chinese naval and law enforcement vessels at Second Thomas Shoal, holding that this dispute involved military activities and was therefore excluded from compulsory settlement. The Tribunal found, however, that China’s recent large-scale land reclamation and construction of artificial islands was incompatible with the obligations on a State during dispute resolution proceedings, insofar as China has inflicted irreparable harm to the marine environment, built a large artificial island in the Philippines’ exclusive economic zone, and destroyed evidence of the natural condition of features in the South China Sea that formed part of the Parties’ dispute.

An expanded summary of the Tribunal’s decisions is set out below.

The Tribunal was constituted on 21 June 2013 pursuant to the procedure set out in Annex VII of the Convention to decide the dispute presented by the Philippines. The Tribunal is composed of Judge Thomas A. Mensah of Ghana, Judge Jean-Pierre Cot of France, Judge Stanislaw Pawlak of Poland, Professor Alfred H.A. Soons of the Netherlands, and Judge Rüdiger Wolfrum of Germany. Judge Thomas A. Mensah serves as President of the Tribunal. The Permanent Court of Arbitration acts as the Registry in the proceedings.

Further information about the case may be found at [www.pcacases.com/web/view/7](http://www.pcacases.com/web/view/7), including the Award on Jurisdiction and Admissibility, the Rules of Procedure, earlier Press Releases, hearing transcripts, and photographs. Procedural Orders, submissions by the Philippines, and reports by the Tribunal's experts will be made available in due course, as will unofficial Chinese translations of the Tribunal's Awards.

### **Background to the Permanent Court of Arbitration**

The [Permanent Court of Arbitration](#) (PCA) is an intergovernmental organization established by the 1899 Hague Convention on the Pacific Settlement of International Disputes. The PCA has 121 Member States. Headquartered at the Peace Palace in The Hague, the Netherlands, the PCA facilitates arbitration, conciliation, fact-finding, and other dispute resolution proceedings among various combinations of States, State entities, intergovernmental organizations, and private parties. The PCA's International Bureau is currently administering 8 interstate disputes, 73 investor-State arbitrations, and 34 cases arising under contracts involving a State or other public entity. The PCA has administered [12 cases](#) initiated by States under Annex VII to the United Nations Convention on the Law of the Sea.

In July 2013, the Tribunal in the *South China Sea Arbitration* appointed the PCA to serve as Registry for the proceedings. The Tribunal's [Rules of Procedure](#) provide that the PCA shall "maintain an archive of the arbitral proceedings and provide appropriate registry services as directed by the Arbitral Tribunal." Such services include assisting with the identification and appointment of experts; publishing information about the arbitration and issuing press releases; organizing the hearings at the Peace Palace in The Hague; and the financial management of the case, which involves holding a deposit for expenses in the arbitration, such as to pay arbitrator fees, experts, technical support, court reporters etc. The Registry also serves as the channel of communications amongst the Parties and the Tribunal and observer States.



**Photograph: Hearing in session, July 2015, Peace Palace, The Hague.** Clockwise from top left: Registrar and PCA Senior Legal Counsel Judith Levine; Judge Stanislaw Pawlak; Professor Alfred H. A. Soons; Judge Thomas A. Mensah (Presiding Arbitrator); Judge Jean-Pierre Cot; Judge Rüdiger Wolfrum; PCA Senior Legal Counsel Garth Schofield; former Secretary for Foreign Affairs of the Philippines, Mr. Albert F. Del Rosario; former Solicitor General Mr. Florin T. Hilbay, Counsel for the Philippines; Mr. Paul S. Reichler; Professor Philippe Sands; Professor Bernard H. Oxman; Professor Alan E. Boyle; Mr. Lawrence H. Martin.

**SUMMARY OF THE TRIBUNAL’S DECISIONS ON ITS JURISDICTION  
AND ON THE MERITS OF THE PHILIPPINES’ CLAIMS**

**1. Background to the Arbitration**

The *South China Sea Arbitration* between the Philippines and China concerned an application by the Philippines for rulings in respect of four matters concerning the relationship between the Philippines and China in the South China Sea. First, the Philippines sought a ruling on the source of the Parties’ rights and obligations in the South China Sea and the effect of the United Nations Convention on the Law of the Sea (“**Convention**”) on China’s claims to historic rights within its so-called ‘nine-dash line’. Second, the Philippines sought a ruling on whether certain maritime features claimed by both China and the Philippines are properly characterized as islands, rocks, low-tide elevations or submerged banks under the Convention. The status of these features under the Convention determines the maritime zones they are capable of generating. Third, the Philippines sought rulings on whether certain Chinese actions in the South China Sea have violated the Convention, by interfering with the exercise of the Philippines’ sovereign rights and freedoms under the Convention or through construction and fishing activities that have harmed the marine environment. Finally, the Philippines sought a ruling that certain actions taken by China, in particular its large-scale land reclamation and construction of artificial islands in the Spratly Islands since this arbitration was commenced, have unlawfully aggravated and extended the Parties’ dispute.

The Chinese Government has adhered to the position of neither accepting nor participating in these arbitral proceedings. It has reiterated this position in diplomatic notes, in the “Position Paper of the Government of the People’s Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines” dated 7 December 2014 (“**China’s Position Paper**”), in letters to members of the Tribunal from the Chinese Ambassador to the Kingdom of the Netherlands, and in many public statements. The Chinese Government has also made clear that these statements and documents “shall by no means be interpreted as China’s participation in the arbitral proceeding in any form.”

Two provisions of the Convention address the situation of a party that objects to the jurisdiction of a tribunal and declines to participate in the proceedings:

- (a) [Article 288](#) of the Convention provides that: “In the event of a dispute as to whether a court or tribunal has jurisdiction, the matter shall be settled by decision of that court or tribunal.”
- (b) [Article 9 of Annex VII](#) to the Convention provides that:

If one of the parties to the dispute does not appear before the arbitral tribunal or fails to defend its case, the other party may request the tribunal to continue the proceedings and to make its award. Absence of a party or failure of a party to defend its case shall not constitute a bar to the proceedings. Before making its award, the arbitral tribunal must satisfy itself not only that it has jurisdiction over the dispute but also that the claim is well founded in fact and law.

Throughout these proceedings, the Tribunal has taken a number of steps to fulfil its duty to satisfy itself as to whether it has jurisdiction and whether the Philippines’ claims are “well founded in fact and law”. With respect to jurisdiction, the Tribunal decided to treat China’s informal communications as equivalent to an objection to jurisdiction, convened a Hearing on Jurisdiction and Admissibility on 7 to 13 July 2015, questioned the Philippines both before and during the hearing on matters of jurisdiction, including potential issues not raised in China’s informal communications, and issued an [Award on Jurisdiction and Admissibility on 29 October 2015](#) (the “**Award on Jurisdiction**”), deciding some issues of jurisdiction and deferring others for further consideration in conjunction with the merits of the Philippines’ claims. With respect to the merits, the Tribunal sought to test the accuracy of the Philippines’ claims by requesting further written submissions from the Philippines, by convening a hearing on the merits from 24 to 30 November 2015, by questioning the Philippines both before and during the hearing with respect to its claims, by appointing independent experts to report to the Tribunal on technical matters, and by obtaining historical records and hydrographic survey data for the South China Sea from the archives of the United Kingdom Hydrographic Office, the National Library of France, and the French National Overseas Archives and providing it to the Parties for comment, along with other relevant materials in the public domain.



## 2. The Parties' Positions

The Philippines made 15 Submissions in these proceedings, requesting the Tribunal to find that:

- (1) China's maritime entitlements in the South China Sea, like those of the Philippines, may not extend beyond those expressly permitted by the United Nations Convention on the Law of the Sea;
- (2) China's claims to sovereign rights jurisdiction, and to "historic rights", with respect to the maritime areas of the South China Sea encompassed by the so-called "nine-dash line" are contrary to the Convention and without lawful effect to the extent that they exceed the geographic and substantive limits of China's maritime entitlements expressly permitted by UNCLOS;
- (3) Scarborough Shoal generates no entitlement to an exclusive economic zone or continental shelf;
- (4) Mischief Reef, Second Thomas Shoal, and Subi Reef are low-tide elevations that do not generate entitlement to a territorial sea, exclusive economic zone or continental shelf, and are not features that are capable of appropriation by occupation or otherwise;
- (5) Mischief Reef and Second Thomas Shoal are part of the exclusive economic zone and continental shelf of the Philippines;
- (6) Gaven Reef and McKennan Reef (including Hughes Reef) are low-tide elevations that do not generate entitlement to a territorial sea, exclusive economic zone or continental shelf, but their low-water line may be used to determine the baseline from which the breadth of the territorial sea of Namyit and Sin Cowe, respectively, is measured;
- (7) Johnson Reef, Cuarteron Reef and Fiery Cross Reef generate no entitlement to an exclusive economic zone or continental shelf;
- (8) China has unlawfully interfered with the enjoyment and exercise of the sovereign rights of the Philippines with respect to the living and non-living resources of its exclusive economic zone and continental shelf;
- (9) China has unlawfully failed to prevent its nationals and vessels from exploiting the living resources in the exclusive economic zone of the Philippines;
- (10) China has unlawfully prevented Philippine fishermen from pursuing their livelihoods by interfering with traditional fishing activities at Scarborough Shoal;
- (11) China has violated its obligations under the Convention to protect and preserve the marine environment at Scarborough Shoal, Second Thomas Shoal, Cuarteron Reef, Fiery Cross Reef, Gaven Reef, Johnson Reef, Hughes Reef and Subi Reef;
- (12) China's occupation of and construction activities on Mischief Reef
  - (a) violate the provisions of the Convention concerning artificial islands, installations and structures;
  - (b) violate China's duties to protect and preserve the marine environment under the Convention; and
  - (c) constitute unlawful acts of attempted appropriation in violation of the Convention;
- (13) China has breached its obligations under the Convention by operating its law enforcement vessels in a dangerous manner, causing serious risk of collision to Philippine vessels navigating in the vicinity of Scarborough Shoal;
- (14) Since the commencement of this arbitration in January 2013, China has unlawfully aggravated and extended the dispute by, among other things:
  - (a) interfering with the Philippines' rights of navigation in the waters at, and adjacent to, Second Thomas Shoal;
  - (b) preventing the rotation and resupply of Philippine personnel stationed at Second Thomas Shoal;
  - (c) endangering the health and well-being of Philippine personnel stationed at Second Thomas Shoal; and
  - (d) conducting dredging, artificial island-building and construction activities at Mischief Reef, Cuarteron Reef, Fiery Cross Reef, Gaven Reef, Johnson Reef, Hughes Reef and Subi Reef; and
- (15) China shall respect the rights and freedoms of the Philippines under the Convention, shall comply with its duties under the Convention, including those relevant to the protection and preservation of the marine environment in the South China Sea, and shall exercise its rights and freedoms in the South China Sea with due regard to those of the Philippines under the Convention.

With respect to jurisdiction, the Philippines has asked the Tribunal to declare that the Philippines' claims "are entirely within its jurisdiction and are fully admissible."

China does not accept and is not participating in this arbitration but stated its position that the Tribunal "does not have jurisdiction over this case." In its Position Paper, China advanced the following arguments:

- The essence of the subject-matter of the arbitration is the territorial sovereignty over several maritime features in the South China Sea, which is beyond the scope of the Convention and does not concern the interpretation or application of the Convention;
- China and the Philippines have agreed, through bilateral instruments and the Declaration on the Conduct of Parties in the South China Sea, to settle their relevant disputes through negotiations. By unilaterally initiating the present arbitration, the Philippines has breached its obligation under international law;
- Even assuming, *arguendo*, that the subject-matter of the arbitration were concerned with the interpretation or application of the Convention, that subject-matter would constitute an integral part of maritime delimitation between the two countries, thus falling within the scope of the declaration filed by China in 2006 in accordance with the Convention, which excludes, *inter alia*, disputes concerning maritime delimitation from compulsory arbitration and other compulsory dispute settlement procedures;

Although China has not made equivalent public statements with respect to the merits of the majority of the Philippines' claims, the Tribunal has sought throughout the proceedings to ascertain China's position on the basis of its contemporaneous public statements and diplomatic correspondence.

### **3. The Tribunal's Decisions on the Scope of its Jurisdiction**

The Tribunal has addressed the scope of its jurisdiction to consider the Philippines' claims both in its [Award on Jurisdiction](#), to the extent that issues of jurisdiction could be decided as a preliminary matter, and in its Award of 12 July 2016, to the extent that issues of jurisdiction were intertwined with the merits of the Philippines' claims. The Tribunal's Award of 12 July 2016 also incorporates and reaffirms the decisions on jurisdiction taken in the Award on Jurisdiction.

For completeness, the Tribunal's decisions on jurisdiction in both awards are summarized here together.

#### ***a. Preliminary Matters***

In its Award on Jurisdiction, the Tribunal considered a number of preliminary matters with respect to its jurisdiction. The Tribunal noted that both the Philippines and China are parties to the Convention and that the Convention does not permit a State to except itself generally from the mechanism for the resolution of disputes set out in the Convention. The Tribunal held that China's non-participation does not deprive the Tribunal of jurisdiction and that the Tribunal had been properly constituted pursuant to the provisions of Annex VII to the Convention, which include a procedure to form a tribunal even in the absence of one party. Finally, the Tribunal rejected an argument set out in China's Position Paper and held that the mere act of unilaterally initiating an arbitration cannot constitute an abuse of the Convention.

#### ***b. Existence of a Dispute Concerning Interpretation and Application of the Convention***

In its Award on Jurisdiction, the Tribunal considered whether the Parties' disputes concerned the interpretation or application of the Convention, which is a requirement for resort to the dispute settlement mechanisms of the Convention.

The Tribunal rejected the argument set out in China's Position Paper that the Parties' dispute is actually about territorial sovereignty and therefore not a matter concerning the Convention. The Tribunal accepted that there is a dispute between the Parties concerning sovereignty over islands in the South China Sea, but held that the matters submitted to arbitration by the Philippines do not concern sovereignty. The Tribunal considered that it would not need to implicitly decide sovereignty to address the Philippines' Submissions and that doing so would not advance the sovereignty claims of either Party to islands in the South China Sea.

The Tribunal also rejected the argument set out in China's Position Paper that the Parties' dispute is actually about maritime boundary delimitation and therefore excluded from dispute settlement by [Article 298](#) of the Convention and a declaration that China made on 25 August 2006 pursuant to that Article. The Tribunal noted that a dispute concerning whether a State has an entitlement to a maritime zone is a distinct matter from the delimitation of maritime zones in an area in which they overlap. The Tribunal noted that entitlements, together with a wide variety of other issues, are commonly considered in a boundary delimitation, but can also arise in other contexts. The Tribunal held that it does not follow that a dispute over each of these issues is necessarily a dispute over boundary delimitation.

Finally, the Tribunal held that each of the Philippines' Submissions reflected a dispute concerning the Convention. In doing so, the Tribunal emphasized (a) that a dispute concerning the interaction between the Convention and other rights (including any Chinese "historic rights") is a dispute concerning the Convention and (b) that where China has not clearly stated its position, the existence of a dispute may be inferred from the conduct of a State or from silence and is a matter to be determined objectively.

***c. Involvement of Indispensable Third-Parties***

In its Award on Jurisdiction, the Tribunal considered whether the absence from this arbitration of other States that have made claims to the islands of the South China Sea would be a bar to the Tribunal's jurisdiction. The Tribunal noted that the rights of other States would not form "the very subject-matter of the decision," the standard for a third-party to be indispensable. The Tribunal further noted that in December 2014, Viet Nam had submitted a statement to the Tribunal, in which Viet Nam asserted that it has "no doubt that the Tribunal has jurisdiction in these proceedings." The Tribunal also noted that Viet Nam, Malaysia, and Indonesia had attended the hearing on jurisdiction as observers, without any State raising the argument that its participation was indispensable.

In its Award of 12 July 2016, the Tribunal noted that it had received a communication from Malaysia on 23 June 2016, recalling Malaysia's claims in the South China Sea. The Tribunal compared its decisions on the merits of the Philippines' Submissions with the rights claimed by Malaysia and reaffirmed its decision that Malaysia is not an indispensable party and that Malaysia's interests in the South China Sea do not prevent the Tribunal from addressing the Philippines' Submissions.

***d. Preconditions to Jurisdiction***

In its Award on Jurisdiction, the Tribunal considered the applicability of [Articles 281 and 282](#) of the Convention, which may prevent a State from making use of the mechanisms under the Convention if they have already agreed to another means of dispute resolution.

The Tribunal rejected the argument set out in China's Position Paper that the 2002 China-ASEAN Declaration on the Conduct of Parties in the South China Sea prevented the Philippines from initiating arbitration. The Tribunal held that the Declaration is a political agreement and not legally binding, does not provide a mechanism for binding settlement, does not exclude other means of dispute settlement, and therefore does not restrict the Tribunal's jurisdiction under Articles 281 or 282. The Tribunal also considered the Treaty of Amity and Cooperation in Southeast Asia, and the Convention on Biological Diversity, and a series of joint statements issued by the Philippines and China referring to the resolution of disputes through negotiations and concluded that none of these instruments constitute an agreement that would prevent the Philippines from bringing its claims to arbitration.

The Tribunal further held that the Parties had exchanged views regarding the settlement of their disputes, as required by [Article 283](#) of the Convention, before the Philippines initiated the arbitration. The Tribunal concluded that this requirement was met in the record of diplomatic communications between the Philippines and China, in which the Philippines expressed a clear preference for multilateral negotiations involving the other States surrounding the South China Sea, while China insisted that only bilateral talks could be considered.

*e. Exceptions and Limitations to Jurisdiction*

In its Award of 12 July 2016, the Tribunal considered whether the Philippines' Submissions concerning Chinese historic rights and the 'nine-dash line' were affected by the exception from jurisdiction for disputes concerning "historic title" in [Article 298](#) of the Convention. The Tribunal reviewed the meaning of "historic title" in the law of the sea and held that this refers to claims of historic sovereignty over bays and other near-shore waters. Reviewing China's claims and conduct in the South China Sea, the Tribunal concluded that China claims historic rights to resources within the 'nine-dash line', but does not claim historic title over the waters of the South China Sea. Accordingly, the Tribunal concluded that it had jurisdiction to consider the Philippines' claims concerning historic rights and, as between the Philippines and China, the 'nine-dash line'.

In its Award of 12 July 2016, the Tribunal also considered whether the Philippines' Submissions were affected by the exception from jurisdiction in Article 298 for disputes concerning sea boundary delimitation. The Tribunal had already found in its Award on Jurisdiction that the Philippines' Submissions do not concern boundary delimitation as such, but noted that several of the Philippines' Submissions were dependent on certain areas forming part of the Philippines' exclusive economic zone. The Tribunal held that it could only address such submissions if there was no possibility that China could have an entitlement to an exclusive economic zone overlapping that of the Philippines and deferred a final decision on its jurisdiction. In its Award of 12 July 2016, the Tribunal reviewed evidence about the reefs and islands claimed by China in the South China Sea and concluded that none is capable of generating an entitlement to an exclusive economic zone. Because China has no possible entitlement to an exclusive economic zone overlapping that of the Philippines in the Spratly Islands, the Tribunal held that the Philippines' submissions were not dependent on a prior delimitation of a boundary.

In its Award of 12 July 2016, the Tribunal also considered whether the Philippines' Submissions were affected by the exception from jurisdiction in Article 298 for disputes concerning law enforcement activities in the exclusive economic zone. The Tribunal recalled that the exception in Article 298 would apply only if the Philippines' Submissions related to law enforcement activities in *China's* exclusive economic zone. Because, however, the Philippines' Submissions related to events in the Philippines' *own* exclusive economic zone or in the territorial sea, the Tribunal concluded that Article 298 did not pose an obstacle to its jurisdiction.

Lastly, in its Award of 12 July 2016, the Tribunal considered whether the Philippines' submissions were affected by the exception from jurisdiction in Article 298 for disputes concerning military activities. The Tribunal considered that the stand-off between Philippine marines on Second Thomas Shoal and Chinese naval and law enforcement vessels constituted military activities and concluded that it lacked jurisdiction over the Philippines' Submission No. 14(a)-(c). The Tribunal also considered whether China's land reclamation and construction of artificial islands at seven features in the Spratly Islands constituted military activities, but noted that China had repeatedly emphasized the non-military nature of its actions and had stated at the highest level that it would not militarize its presence in the Spratlys. The Tribunal decided that it would not deem activities to be military in nature when China itself had repeatedly affirmed the opposite. Accordingly, the Tribunal concluded that Article 298 did not pose an obstacle to its jurisdiction.

**4. The Tribunal's Decisions on the Merits of the Philippines' Claims**

*a. The 'Nine-Dash Line' and China's Claim to Historic Rights in the Maritime Areas of the South China Sea*

In its Award of 12 July 2016, the Tribunal considered the implications of China's 'nine-dash line' and whether China has historic rights to resources in the South China Sea beyond the limits of the maritime zones that it is entitled to pursuant to the Convention.

The Tribunal examined the history of the Convention and its provisions concerning maritime zones and concluded that the Convention was intended to comprehensively allocate the rights of States to maritime areas. The Tribunal noted that the question of pre-existing rights to resources (in particular fishing resources) was carefully considered during the negotiations on the creation of the exclusive economic zone and that a number of States wished to preserve historic fishing rights in the new zone. This position was rejected,



however, and the final text of the Convention gives other States only a limited right of access to fisheries in the exclusive economic zone (in the event the coastal State cannot harvest the full allowable catch) and no rights to petroleum or mineral resources. The Tribunal found that China's claim to historic rights to resources was incompatible with the detailed allocation of rights and maritime zones in the Convention and concluded that, to the extent China had historic rights to resources in the waters of the South China Sea, such rights were extinguished by the entry into force of the Convention to the extent they were incompatible with the Convention's system of maritime zones.

The Tribunal also examined the historical record to determine whether China actually had historic rights to resources in the South China Sea prior to the entry into force of the Convention. The Tribunal noted that there is evidence that Chinese navigators and fishermen, as well as those of other States, had historically made use of the *islands* in the South China Sea, although the Tribunal emphasized that it was not empowered to decide the question of sovereignty over the islands. However, the Tribunal considered that prior to the Convention, the waters of the South China Sea beyond the territorial sea were legally part of the high seas, in which vessels from any State could freely navigate and fish. Accordingly, the Tribunal concluded that historical navigation and fishing by China in the *waters* of the South China Sea represented the exercise of high seas freedoms, rather than a historic right, and that there was no evidence that China had historically exercised exclusive control over the waters of the South China Sea or prevented other States from exploiting their resources.

Accordingly, the Tribunal concluded that, as between the Philippines and China, there was no legal basis for China to claim historic rights to resources, in excess of the rights provided for by the Convention, within the sea areas falling within the 'nine-dash line'.

#### ***b. The Status of Features in the South China Sea***

In its Award of 12 July 2016, the Tribunal considered the status of features in the South China Sea and the entitlements to maritime areas that China could potentially claim pursuant to the Convention.

The Tribunal first undertook a technical evaluation as to whether certain coral reefs claimed by China are or are not above water at high tide. Under [Articles 13](#) and [121](#) of the Convention, features that are above water at high tide generate an entitlement to at least a 12 nautical mile territorial sea, whereas features that are submerged at high tide generate no entitlement to maritime zones. The Tribunal noted that many of the reefs in the South China Sea have been heavily modified by recent land reclamation and construction and recalled that the Convention classifies features on the basis of their natural condition. The Tribunal appointed an expert hydrographer to assist it in evaluating the Philippines' technical evidence and relied heavily on archival materials and historical hydrographic surveys in evaluating the features. The Tribunal agreed with the Philippines that Scarborough Shoal, Johnson Reef, Cuarteron Reef, and Fiery Cross Reef are high-tide features and that Subi Reef, Hughes Reef, Mischief Reef, and Second Thomas Shoal were submerged at high tide in their natural condition. However, the Tribunal disagreed with the Philippines regarding the status of Gaven Reef (North) and McKennan Reef and concluded that both are high tide features.

The Tribunal then considered whether any of the features claimed by China could generate an entitlement to maritime zones beyond 12 nautical miles. Under [Article 121](#) of the Convention, islands generate an entitlement to an exclusive economic zone of 200 nautical miles and to a continental shelf, but "[r]ocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf." The Tribunal noted that this provision was closely linked to the expansion of coastal State jurisdiction with the creation of the exclusive economic zone and was intended to prevent insignificant features from generating large entitlements to maritime zones that would infringe on the entitlements of inhabited territory or on the high seas and the area of the seabed reserved for the common heritage of mankind. The Tribunal interpreted Article 121 and concluded that the entitlements of a feature depend on (a) the objective capacity of a feature, (b) in its natural condition, to sustain either (c) a stable community of people or (d) economic activity that is neither dependent on outside resources nor purely extractive in nature.

The Tribunal noted that many of the features in the Spratly Islands are currently controlled by one or another of the littoral States, which have constructed installations and maintain personnel there. The Tribunal considered these modern presences to be dependent on outside resources and support and noted that many of

the features have been modified to improve their habitability, including through land reclamation and the construction of infrastructure such as desalination plants. The Tribunal concluded that the current presence of official personnel on many of the features does not establish their capacity, in their natural condition, to sustain a stable community of people and considered that historical evidence of habitation or economic life was more relevant to the objective capacity of the features. Examining the historical record, the Tribunal noted that the Spratly Islands were historically used by small groups of fishermen from China, as well as other States, and that several Japanese fishing and guano mining enterprises were attempted in the 1920s and 1930s. The Tribunal concluded that temporary use of the features by fishermen did not amount to inhabitation by a stable community and that all of the historical economic activity had been extractive in nature. Accordingly, the Tribunal concluded that all of the high-tide features in the Spratly Islands (including, for example, Itu Aba, Thitu, West York Island, Spratly Island, North-East Cay, South-West Cay) are legally “rocks” that do not generate an exclusive economic zone or continental shelf.

The Tribunal also held that the Convention does not provide for a group of islands such as the Spratly Islands to generate maritime zones collectively as a unit.

### *c. Chinese Activities in the South China Sea*

In its Award of 12 July 2016, the Tribunal considered the lawfulness under the Convention of various Chinese actions in the South China Sea.

Having found that Mischief Reef, Second Thomas Shoal and Reed Bank are submerged at high tide, form part of the exclusive economic zone and continental shelf of the Philippines, and are not overlapped by any possible entitlement of China, the Tribunal concluded that the Convention is clear in allocating sovereign rights to the Philippines with respect to sea areas in its exclusive economic zone. The Tribunal found as a matter of fact that China had (a) interfered with Philippine petroleum exploration at Reed Bank, (b) purported to prohibit fishing by Philippine vessels within the Philippines’ exclusive economic zone, (c) protected and failed to prevent Chinese fishermen from fishing within the Philippines’ exclusive economic zone at Mischief Reef and Second Thomas Shoal, and (d) constructed installations and artificial islands at Mischief Reef without the authorization of the Philippines. The Tribunal therefore concluded that China had violated the Philippines’ sovereign rights with respect to its exclusive economic zone and continental shelf.

The Tribunal next examined traditional fishing at Scarborough Shoal and concluded that fishermen from the Philippines, as well as fishermen from China and other countries, had long fished at the Shoal and had traditional fishing rights in the area. Because Scarborough Shoal is above water at high tide, it generates an entitlement to a territorial sea, its surrounding waters do not form part of the exclusive economic zone, and traditional fishing rights were not extinguished by the Convention. Although the Tribunal emphasized that it was not deciding sovereignty over Scarborough Shoal, it found that China had violated its duty to respect to the traditional fishing rights of Philippine fishermen by halting access to the Shoal after May 2012. The Tribunal noted, however, that it would reach the same conclusion with respect to the traditional fishing rights of Chinese fishermen if the Philippines were to prevent fishing by Chinese nationals at Scarborough Shoal.

The Tribunal also considered the effect of China’s actions on the marine environment. In doing so, the Tribunal was assisted by three independent experts on coral reef biology who were appointed to assist it in evaluating the available scientific evidence and the Philippines’ expert reports. The Tribunal found that China’s recent large scale land reclamation and construction of artificial islands at seven features in the Spratly Islands has caused severe harm to the coral reef environment and that China has violated its obligation under [Articles 192 and 194](#) of the Convention to preserve and protect the marine environment with respect to fragile ecosystems and the habitat of depleted, threatened, or endangered species. The Tribunal also found that Chinese fishermen have engaged in the harvesting of endangered sea turtles, coral, and giant clams on a substantial scale in the South China Sea, using methods that inflict severe damage on the coral reef environment. The Tribunal found that Chinese authorities were aware of these activities and failed to fulfill their due diligence obligations under the Convention to stop them.

Finally, the Tribunal considered the lawfulness of the conduct of Chinese law enforcement vessels at Scarborough Shoal on two occasions in April and May 2012 when Chinese vessels had sought to physically obstruct Philippine vessels from approaching or gaining entrance to the Shoal. In doing so, the Tribunal was

assisted by an independent expert on navigational safety who was appointed to assist it in reviewing the written reports provided by the officers of the Philippine vessels and the expert evidence on navigational safety provided by the Philippines. The Tribunal found that Chinese law enforcement vessels had repeatedly approached the Philippine vessels at high speed and sought to cross ahead of them at close distances, creating serious risk of collision and danger to Philippine ships and personnel. The Tribunal concluded that China had breached its obligations under the Convention on the International Regulations for Preventing Collisions at Sea, 1972, and [Article 94](#) the Convention concerning maritime safety.

*d. Aggravation of the Dispute between the Parties*

In its Award of 12 July 2016, the Tribunal considered whether China’s recent large-scale land reclamation and construction of artificial islands at seven features in the Spratly Islands since the commencement of the arbitration had aggravated the dispute between the Parties. The Tribunal recalled that there exists a duty on parties engaged in a dispute settlement procedure to refrain from aggravating or extending the dispute or disputes at issue during the pendency of the settlement process. The Tribunal noted that China has (a) built a large artificial island on Mischief Reef, a low-tide elevation located in the exclusive economic zone of the Philippines; (b) caused permanent, irreparable harm to the coral reef ecosystem and (c) permanently destroyed evidence of the natural condition of the features in question. The Tribunal concluded that China had violated its obligations to refrain from aggravating or extending the Parties’ disputes during the pendency of the settlement process.

*e. Future Conduct of the Parties*

Finally, the Tribunal considered the Philippines’ request for a declaration that, going forward, China shall respect the rights and freedoms of the Philippines and comply with its duties under the Convention. In this respect, the Tribunal noted that both the Philippines and China have repeatedly accepted that the Convention and general obligations of good faith define and regulate their conduct. The Tribunal considered that the root of the disputes at issue in this arbitration lies not in any intention on the part of China or the Philippines to infringe on the legal rights of the other, but rather in fundamentally different understandings of their respective rights under the Convention in the waters of the South China Sea. The Tribunal recalled that it is a fundamental principle of international law that bad faith is not presumed and noted that [Article 11 of Annex VII](#) provides that the “award . . . shall be complied with by the parties to the dispute.” The Tribunal therefore considered that no further declaration was necessary.

\* \* \*