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**POLICY COMPASS**  
**Island Building in the**  
**South China Sea**  
**By**  
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**17 November 2025**

Mirko Giordani

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**Executive Summary**

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**1. Island Building – A Tool of International Control**

- ✦ One of China's most potent tools for asserting its claim in the South China Sea has been artificial island building.
- ✦ The Asia Maritime Transparency Initiative has estimated that since 2013, it has created as much as 3200 acres of new land in the Spratlys, an area it contests with multiple ASEAN countries including Vietnam and the Philippines. In addition to building these islands, they have also been militarized with Chinese military assets gaining a foothold in the South China Sea.

**2. The Role of Private Companies in Island Building**

- ✦ A key player in this venture is China's state-backed companies, who have found island building a lucrative source of revenue. This development also shows the technical capacity of Chinese industry.
- ✦ As many as 24 companies have been sanctioned by the US for engaging in this activity. However, it remains to be seen whether sanctions can provide any deterrence.

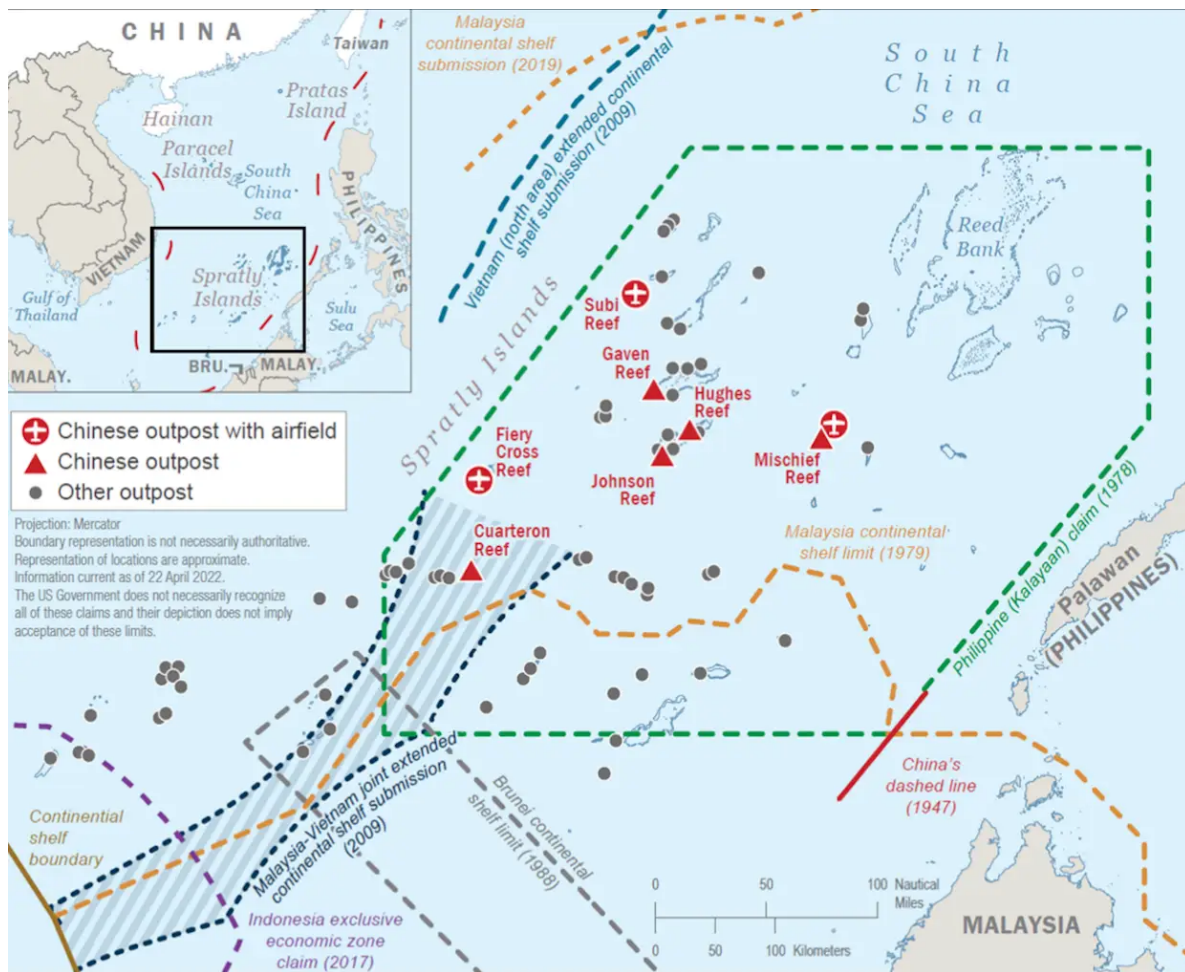
**3. Vietnam's Island Building**

- ✦ Interestingly, the smaller nation of Vietnam has proven capable of co-opting this strategy to also press its claims where relevant. Recent reports show that Vietnam has also engaged in dredging and landfill work at Alison Reef, Collins Reef, East Reef, Landsdowne Reef and Petley Reefs
- ✦ It is noted that local corporations have been at the forefront of this effort. The speed at which it has been occurring has also alarmed other regional stakeholders, including the Philippines

**4. Conclusion**

- ✦ China has not yet issued strong statements against Vietnam's island building, possibly calculating that doing so might merely play into the hands of the US and the Philippines. This indicates that Vietnam will likely continue to engage in the practice for the foreseeable future.
- ✦ However, the practice of creating facts on the ground might make it more difficult for Vietnam to bolster its alliance with other regional players, who may also have their own claims to press.

## Key Picture: Map of China's Artificial Islands (April 2022)



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Source: [Business Insider](#)

### 1. Island Building - A Tool of International Control

In the current age of interstate conflict, discussion on the newest tools of warfare abound. From high-end conventional weapons to the battlefield-altering effect of drones, there is certainly no shortage of punditry on this topic. That being said, Clausewitz' dictum of war's ultimate goal being to achieve a political objective still rings true. From this perspective, one tool in the arsenal of a state-level actor which appears to deserve more attention is the ability to simply create more territory in contested waters, i.e. end-to-end artificial island building. There are few countries with the complete logistical chain required to achieve such a capital-intensive feat. Unsurprisingly, China is at the forefront of this list due to its financial heft, engineering expertise, and state-directed coordination ability.

The PRC has used its capabilities to expand its power projection in the Indo-Pacific, particularly in its disputes in the South China Sea. Observers such as the Asia Maritime Transparency Initiative have noted that since 2013, China has created as much as 3200 hectares of the new land in the Spratlys, an area contested by China against multiple countries in the ASEAN. Some of the key projects include Meiji Reef, Yongshu Reef, and Zubi Reef, which are stacked in [triangular orientation](#) to create a defense against US bases in the Philippines

The massive program of land reclamation undertaken by China in the Spratlys has been referred to by Pacific Fleet commander Admiral Harry Harris as the "Great Wall of Sand". The Great Wall of Sand clearly does two things; it creates facts on the ground with which China's co-claimants will have to compete, and it allows for hard power projection by allowing a physical base on which China can place its military assets.

These assets include surface-to-air missile system (SAMS), [land based anti-ship cruise missiles](#) (ASCMs) and various maritime-surveillance systems.

These assets in turn generate their own strategic returns in the service of Chinese power projection. For example, SAMS and ASCMs can provide China with the area access/area denial - otherwise known as A2/AD - capabilities that it has long needed to blunt the sting of US freedom of navigation operations (FONOPS). In addition, this has become progressively more sustainable as logistics facilities allow China to consistently resupply their vessels. One can say that China has made the turn into a truly [expeditionary](#) force across the seas, with island building being a key part of the necessary toolkit.

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## 2. The Role of Private Companies in Island Building

It is thus important to understand the actors who bolster China's land-reclamation and island dredging capabilities. In this case, state-backed companies are arguably the most important type of actor. These companies have found government contracts for island building as a lucrative business, as well as an opportunity to display their technical capacities. One of the most prolific actors has been China Communications Construction Co. (CCCC) which has already been blacklisted by the United States for its role in the construction and militarization of islands in the South China Sea. The aforementioned triangular formation of islands in Mischief Reef, Yongshu Reef and Zubi Reef was reportedly observed to have been strongly accompanied by vessels from CCCC Tianjin Dredging, a company subsidiary. In addition, CCCC has also been instrumental in reclamation along Woody Island in the northern part of the South China Sea. However, CCCC is not the only actor which has been instrumental in the militarization of China's South China Sea outposts. There are over 20 entities that have been sanctioned by the US Department of Commerce, indicating the wealth of resources and technical expertise that China can bring to this enterprise.

One can choose to see these developments as part of a strategy that is not merely limited to the South China Sea. Even in areas as far afield as the [Caribbean](#), one can observe China making massive investments in critical infrastructure such as ports and airfields. Notably, the same companies that are involved in island building have been involved in these projects. For example, China Harbour Engineering Co (CHEC), which is another CCCC subsidiary, has been involved in building highways in the Caribbean country of Jamaica. Moving to another region, CCCC was also involved in building the Chinese military port in Djibouti in Eastern Africa. This illustrates how China has utilized its state-backed companies in the service of expanding its influence via a wave of infrastructure projects both in the military and civilian sphere.

While this would be sufficiently alarming for the US and its allies in the Indo-Pacific, what may be even more jarring is how little effect sanctions appear to have had on these companies' business line. This may be due to a few reasons. The first is that being state-backed in their operational mode, Chinese SOCs have less need to turn a profit every quarter as compared to a purely for-profit enterprise. As long as they achieve the state-backed objectives of expanding Chinese influence, they have the luxury of remaining assured that the Chinese state will stabilize their financial situation once the need arises. Secondly, some companies continue to be able to gain contracts partly due to a reputation for speed and scale offered by few competitors. In other words, Chinese companies simply might have a superior *value proposition*. For contractors that need to deliver on their projects to satisfy an expectant public, this can have more weight than the fact that many of these companies are US-sanctioned.

Even the Philippines, which is an ostensible counter-claimant in the South China Sea, has turned to CHEC as well as China First Highway Engineering Co. Ltd (CFHEC), both subsidiaries of CCCC, for reclamation projects in Manila Bay. In addition, CHEC is involved in the partnership for the Manila Waterfront City Project. Finally, the controversial Sangley Point International Airport is also being constructed as part of a consortium wherein CCCC is involved. From the outside looking in, it seems the lesson here is clear. Where there is work of significant scale, logistics, and coordination that needs to be done, one needs to consider involving Chinese SOEs.

### 3. Vietnam's Island Building

However, recent developments have shown that China is not the only country that can use land reclamation for its own ends. Vietnam has also shown that it can create facts on the ground against China. While the scale and speed has so far not equalled China, which continues to have the more complete supply chain, it remains formidable in its own right. Hanoi began a round of reclamation in 2021, expanding its work across 14 different features. In 2024, it seemed that many analysts came around to the true scale of the projects, as Vietnam added an additional eight features that were previously untouched. These include work at Alison Reef, Collins Reef, East Reef, Landsdowne Reef and Petley Reefs. Recently, AMTI [noted](#) that when accounting for both landfill and harbor/channel dredging, Vietnam had covered over 70 percent of China's total dredging in disputed areas.

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In addition, Vietnam's work in its outposts also expands the capabilities of its military forces, an important component of the strategic value of artificial islands. It has managed to triple the number of outposts equipped with harbors at various features in the Spratlys. In addition, it has also added two new airstrips in the same area. This will allow it to keep its military operating in the Spratlys for a longer period of time, while also advancing its air capabilities. This is especially significant when considering that one of the advantages that China has used to maximum effect in areas such as the [Spratlys](#) has been the regular patrols by its coastguard and associated maritime militias.

How has Vietnam been able to utilize its resources to assemble this infrastructure pushback? While it does not quite have the quality and depth of supply chain and technical expertise that China has, it does have capable actors of its own. Companies such as DACINCO Investment Construction Co. Ltd were able to acquire modern equipment such modern cutter suction dredgers from foreign suppliers such as [Royal IHC](#). Other companies such as the Xuan Thien Group and the Nam Trieu Shipyard also cooperated in bolstering the supply chain, either through work to produce dredging equipment more locally or by using technical expertise to execute the dredging projects. When it comes to logistics, coordination, and supplying the outposts with the needed infrastructure for both civilian and military communications, Vietnamese military bodies have provided invaluable services. As an example, the state-owned telecommunications body Viettel Group has been at the forefront of providing 4G for Vietnam's Truong Sa outposts.

However, not everyone has been happy with this set of actions from Vietnam. There are other players in Southeast Asia, such as the Philippines, who have been less than happy with Vietnam's building spree in the Spratlys. The Philippine Navy (PN) through its spokesperson Commodore Roy Vincent Trinidad has already stated that it is monitoring Vietnam's activity within the areas where Manila is a claimant, particularly the Kalayaan Island Group. Malaysia has already sent a [letter of complaint](#) to Vietnam regarding its development in the Barque Canada Reef, on which it is a claimant.

The actions of both the Philippines and Malaysia, however, seem to point towards the theory that neither actor has a strong incentive to push back against Vietnam. The Philippines has not sent any formal letter of complaints against Vietnam as of yet, and there have been no indications from Manila that it considers Hanoi's actions to be a particular threat. PCG Spokesperson Jay Tarriela summed up Manila's likely attitude thus:

*"While the Philippines rightfully raises concerns over Vietnam's reclamation activities, it is critical to recognize that Vietnam has occupied its features for decades" - Commodore Jay Tarriela*

It should be noted that Malaysia has also shown some of its care in bringing its complaints to Vietnam. For instance, some authors have noted that the letter Malaysia sent did not explicitly criticize the airstrip Vietnam was building on the disputed reef. In addition, Malaysia also has limited high ground from which to accuse Vietnam, seeing as it has also continued its search for oil and gas in the South China Sea even in the face of complaints from China.

#### 4. Conclusion

Interestingly, China has only had a limited response to Vietnam's activities in the South China Sea. While the usual statements have been released by its Foreign Ministry regarding its opposition to construction activities by "relevant countries" and for defending its maritime rights, it has not mobilized its coastguard to initiate any obstruction against any of the Vietnamese outposts or its allied entities. This is in contrast to its attitude towards the Philippines, which has been on the receiving end of aggressive actions particularly from the Chinese Coast Guard.

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One can speculate on the reason for China's restraint. One possibility is that it would prefer not to open up an additional front of conflict, particularly against a country in Vietnam that still remains relatively neutral in its foreign policy. China could be calculating that taking aggressive action against Vietnam would be biting off more than it can chew for no discernible benefit.

Secondly, Beijing may also understand that Vietnam may not necessarily enjoy the same strategic value that it enjoys from its own outposts, even if it manages to equal China acre for acre in artificial island buildup. As analyst Collin Koh has [noted](#), Vietnam still lacks the mobile assets that it would need to effectively project power from its own network of outposts. Given that Vietnam's activities have not changed the balance of power as such, China appears more focused on the political implications of taking aggressive action against Vietnam, and calculated that restraint would be more productive as long as Vietnam's Communist Government maintains buoyant ties with its fellow traveller. Any other action might simply play into the hands of the US and its allies such as the Philippines, who have also attempted to maintain good relations with Vietnam.

Given this picture of limited resistance, there is little reason for Vietnam not to continue its work of reclamation and dredging. It is likely that the country's leaders will have every incentive to continue this program until they begin to face more concrete repercussions. However, it is clear that these developments makes the situation in the South China Sea even more complicated, given the number of interested parties.

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