South China Sea
Emerging Security Architecture

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About "Inside Southeast Asia" Series

The Southeast Asia Research Program (SEARP) within the Institute, as a part of its activities, undertake research and organise events under "Inside Southeast Asia," aimed at exploring issues and challenges in contemporary Southeast Asia covering economic issues, inter-State relations, political developments and emerging social tensions and fault lines. This essay was a part of the first annual conference held in December 2011.
The South China Sea (SCS) dispute has become a flash point in Southeast Asia. The dispute is between the five countries of Southeast Asia, China and Taiwan. In the process of strengthening their claims, these countries are strengthening their civil and military capacities.

The aim of this essay is to highlight the geo-strategic importance of the SCS and attempt to comprehend the basis of these claims. These multiple claims in the region have led to the emergence of a new security architecture in the region leading to a complex dispute.

I
STRATEGIC SIGNIFICANCE OF SOUTH CHINA SEA

Sovereignty and territorial integrity is the base concern of any state. Territorial claims are, by nature, very complex and claims to maritime territory are particularly diverse. The SCS is one such area which is categorized by diverse and overlapping claims.

The sea is an important source of oil and natural gas. A Russian survey in 1995 estimated that 6 billion barrels of oil might be located in the Spratly Island of which seventy percent would be natural gas. Chinese specialists have asserted that it could contain as much as 150 billion barrels of oil and natural gas and the Chinese media has referred to it as the second ‘Persian Gulf’. It is one of the world’s busiest international sea lanes. More than half of the world’s supertanker traffic passes through the region’s waters. Over half of the world’s merchant fleet (by tonnage) sails through it (Rosenberg).

As compared to the Suez Canal, three times more oil and Liquefied Natural Gas (LNG) is transported through the SCS and fifteen times more than that of Panama Canal. The majority of this crude oil comes from the Persian Gulf and is bound for Japan, South Korea and Taiwan. Moreover, the region is also an important supplier of LNG. About two thirds of South Korean and sixty percent of Japanese and Taiwanese LNG supplies flow through this critical region. Most of the LNG supplied by Indonesia and the SCS producers, with Middle Eastern shipments from Abu Dhabi and Qatar also passes through the region.(Kreil, 2002:44). Nicholas Spykman once described it as the ‘Asiatic Mediterranean.’ More recently, it has been dubbed the ‘Chinese Caribbean.’ And, just as Rome and the United States have sought control over the Mediterranean and Caribbean, China now seeks dominance over the SCS. It can be said that oil and LNG are the catalysts in the dispute. All nations contesting in the dispute are trying their best to increase their position and influence in the region.

Strategically, this region has been of enormous significance. The Japanese invasion...
of the Southeast Asian States of Malaysia, Indonesia, and the Philippines was through this sea. It was also utilized by the U.S. navy in its operation during the Vietnam War and recently in its ‘Operation Desert Storm’ against Iraq (Ali, 1992). This region is contiguous to the strategic Cam Ranh Bay which is supposed to be one of the best natural deep water harbors in South East Asia. It is strategically located, close to these disputed islands and the disputed waters. The Russians took it over when the Americans left Vietnam and leased it for twenty years, finally leaving it in 2002. Since then, the base has been lying fallow. The Vietnamese navy has a small base there nevertheless and last year Vietnam’s Prime Minister announced plans to open up the base to foreign navies on a commercial basis. It further plans to lease out the base to different navies rather than one.

**II UNDERSTANDING THE GENESIS OF THE CLASHES**

To comprehend the current clashes it is useful to understand the basis of the clashes. The key difference between the SCS as a geographical area in the modern nation-state system and other disputed areas whose sovereignty is also contested, is that there is no permanent population inhabiting any of these islets. The only group of human population that crisscrosses the SCS waters on a daily basis is the fishermen. Since there is a dispute in the region, much of the area remains unregulated.

This region consists of more than two hundred islands but the four main islands around which the entire dispute revolves are the Paracel Island, the Spratly, the Pratas, and the Macclesfield Banks. The issues of sovereignty over Pratas and the Macclesfield

Banks are less controversial and relatively unimportant because the values of two are limited (Chi, 1989). It is the dispute over the Spratly and Paracels that has drawn attention.

**Who claims what?**

The question of who owns the reefs and islands of the SCS was largely ignored until the 1970s. At that time, the area became a possible target for exploration by the multinational oil companies. In addition, the likelihood of conflict has increased due to codification of International Maritime Laws following World War II. Motivated by the desire to extend control over sea based resources, neighboring states in the area have increasingly come into verbal conflict and even military confrontation over the sovereignty, sovereign rights jurisdiction and arms control efforts in the SCS. During the 1980s and 1990s, most of the disputing states have found themselves in race to bolster their claims to sovereignty by occupation of the island that can support a physical presence or
by establishing markers on the islands where physical occupation is not feasible. In some cases, claimants have built structures. The race for the Spratly Islands has increased the likelihood of international conflict, resulting in three cases in recent years 1988, 1992 and 1995 (Snyder, 1996).

Today, seven parties are involved in a complex set of historically based territorial disputes in the sea -- Brunei, China, Malaysia, Indonesia, the Philippines, Taiwan and Vietnam. China's claims are the broadest and cover all of the Spratly and Paracel islands and most of the SCS.

BRUNEI: Brunei claims two areas, the Louisa Reef (claimed by Malaysia) and Rifleman Bank. By claiming the Louisa Reef Brunei is extending its EEZ.

CHINA: China bases its claim to the island on historical grounds. According to the official standpoint, these Islands were taken from China by the then superpowers through unequal treaties. It is stated that the Spratly Islands have been an integral part of China for nearly two thousand years. The argument is further strengthened by citing the example of the ancient manuscript claiming the Spratly Islands and the remains of Chinese pottery and coins. The naval expeditions to the Spratly Islands by the Han Dynasty in 110 AD and the Ming Dynasty from 1403-1433 AD further strengthens their case. In the nineteenth and early twentieth centuries, China asserted claims to the Spratly and Paracel Islands. During World War II, the islands were claimed by the Japanese. In 1947, China produced a map with eleven undefined dotted lines, and claimed all of the islands within those lines. These eleven dotted lines were revised to 9 by Zhou Enlai. These nine dotted lines of the SCS indicate the sovereignty of China in the region.

In 1974, China enforced its claim upon the Paracel Islands by seizing them from Vietnam. China refers to the Paracel Islands as the Xisha Islands, and included them as part of its Hainan Island province in 1988. Recently, the PRC synthesized its claims once again in 1992, by passing the Law on the Territorial Waters and their Contiguous Areas Known as the ‘Territorial Sea Law’. In 1996 Beijing published a list of baselines that connected the Paracel Islands but no mention was made of the Spratly Islands, stating that it would resolve the matter at a later time (Valencia, 1997:25). No further clarification of the map has since been offered. Moreover, China is using the justification of developments in this region for advancing its military. As one Chinese military expert stated, ‘Once the Taiwan front is closed, we
INDONESIA: It does assert a 200-mile EEZ under the provision of UNCLOS. However, Chinese and Taiwanese claims in the SCS extend into Indonesia’s EEZ and continental shelf, including Indonesia’s Natuna gas field (Rowman, 2005).

MALAYSIA: Malaysia entered the Spratly stakes in August 1983 when it sent about twenty commandos to the island of Terumba Layang Lang. It claims that Vietnamese held Amboya Coy which is only forty miles away from the island. It has consistently used the Continental Shelf Act of 1966 to justify its claims in the region. However Valencia and Van Dyke and Ludwig are of the opinion that Kuala Lumpur’s claims are dubious (Valencia, 1997:37). Although Malaysia has never used violence to assert its claim in the region, it did briefly detain 43 Filipino fishermen in the spring of 1995 for violating Malaysia’s EEZ (Rowman, 2005: 421). It has already occupied three islands that it considers to be within its continental shelf.

PHILIPPINES: The Philippines claim eight islets of the Spratly Island chain, but not the land mass itself. Philippines bases its claims of sovereignty over the Spratly on the issue of Res Nullius and Geography (Rowman, 2005:421).

TAIWAN: Over all, Taipei’s the SCS policy is guided by five principles, embodied in the 1993 “SCS Policy Guidelines”: insist on Taiwan’s sovereign claim over the Spratly, support any action to settle the dispute peacefully, oppose any provocative move in the region that would trigger new conflict, support the idea of temporarily shelving the sovereignty dispute in order to exploit resource jointly, continue to actively participate in the Workshop on Managing Potential Conflicts in the SCS and other related international conference to fully cooperate with other claimant states to avoid a conflict (Cheng 1997:325). Taiwan’s claim in the SCS is basically similar to that of China. It has control over the Itu Aba Island (fresh water island) and is included in Kaohsiung. The Island is also claimed by China, the Philippines and Vietnam (Djalal, 2000).

VIETNAM: It claims the island on historical ground and on continental shelf principle in accordance with the provision of UNCLOS. Vietnam claims the entire Spratly Island chains as an offshore district of Khanh Hoa Province. Vietnam continues to claim the Paracel Islands, despite their seizure by China in 1976. In addition to the military presence, the Vietnamese have undertaken extensive construction in and around the SCS. In 1989 Vietnam built a small airstrip on the Spratly Islands and artificial structures on Vanguard Reef, Prince Consort Bank and Grainger Bank. Its claim have often been contested because these geographic features are submerged in several feet of water. But at present, Hanoi continues to have a dispute with Beijing regarding the territory (Rowman, 2005:427).

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III NEW SECURITY STRUCTURE

The region has become a source of renewed interstate rivalries because the issue has become closely associated with interrelated issues of energy, territorial, maritime and military security. Every claimant in the SCS
has started strengthening their civilian and military presence in their occupied areas to establish their presence and thereby strengthen their sovereign claims. Claimants have also increased building infrastructure and other developments in their occupied areas to affirm their claims. Cumulatively, these factors have augmented the maritime dilemma of powers involved in the dispute.

Recently, there have been massive defense acquisitions by the Southeast Asian countries. Vietnam, which is hardly known for its naval prowess, talked about its maritime traditions. During the fiftieth anniversary of the Ho Chi Minh Trail they talked about their maritime tradition. They also displayed models of vessels purchased from Russia along with the romanticized poster depicting a steely-eyed sailor with a bayonet poised to defend the Spratlys (Economic Times, 2011). It already has 2 Gepard class frigates from Russia. In October 2009 Malaysia acquired 2 Scorpene Class submarines to strengthen its capability to guard its waters (Defence Industry Daily, 2012). Indonesia is also planning to construct 12 additional submarines by 2024 and considering the Chanbogo Class submarines from South Korea or Kilo Class submarines from Russia. Unlike Malaysia or Vietnam, the Philippines military does not possess any real capability to fight in the disputed area. The Philippines relies on the Mutual Defense Treaty with the US to protect Filipino interests in the area (Snyder, 2004).

These nations are no equivalent to China’s military power. The maritime forces throughout Southeast Asia are small or medium in size in regard to both capability and total number of ships and aircraft. The main task of these forces has been that of policing the EEZ and dealing with low level non-traditional threats (Synder, 2004).

This has further encouraged major players to react. Australia which is not party to the dispute, has been drawn into the SCS issue. In 2009, the Defense White Paper stated, that China’s military might is a serious regional security concern. It supported the US in reiterating its long standing position that the security situation in the SCS is vital for the freedom of navigation. It held joint naval exercises with Japan and the US in the SCS. It sent a clear message to China and ASEAN that it supports America’s ‘push back’ policy vis-a-vis China and that it will support America if China “pushes back” in turn (Babbage, 2011).

The US has national interests in freedom of navigation, open access to Asia’s maritime commons and respect for international law in the SCS. The US has also called for unfettered access to the area that China claims as its own and has accused Beijing of adopting an increasingly aggressive stance on the high Sea. The US military has plans to position its military reach into Southeast Asia in northern Australia from 2012. Further substantiating President Barack Obama Asian ‘Pivot’ strategy in the Asia Pacific, the US Defense Secretary Leon Panetta announced at the annual Shangri-La Security Dialogue in Singapore in early June 2012 that the Pentagon will reposition 60 per cent of its naval capacity in the Asia-Pacific Theater (Panetta, 2012). The Russian Navy is even assisting Vietnam in the reconstruction of

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Cam Ranh Bay as a naval base and this can support the activities of Russian Pacific Fleet. The region is also important to Japanese shipping in its trade with Southeast Asia, South Asia, Africa, the Middle East and Europe. More than eighty percent of Japan's oil imports are transported through these waterways. The UK is party to the Five Power Defense Arrangements (PDFA-1971) which also involve Malaysia, Singapore, Australia, and New Zealand. This defense pact is not an alliance, but if hostilities break out in the South China Sea, Britain would be obliged to help Malaysia and has an interest in keeping the sea lanes free for trade (UK Defense Forum:2003).

India considers itself as an integral part of the SCS development as fifty-five percent of its trade passes through this region. The Indian Ambassador to Vietnam has stated “The dispute should be resolved as per international laws. The South China Sea is very important and there should be safety and security of international ships so that imports and exports are not affected”. China has been asking India to refrain from disputed area to ensure peace in the region. In 2006, ONGC Videsh Limited had signed a contract with Petro Vietnam to jointly explore sector 127 and 128 in the Phu Khanh Basin. Later in September 2011, it signed three deals to jointly explore oil and natural gas in these blocks. These two blocks have been at the centre of a diplomatic uproar between India, China and Vietnam.

China feels that India is trying to impinge on its area of influence. However, according to the UNCLOS guidelines, the blocks lie within Vietnam’s Exclusive Economic Zone and Continental Shelf. The Indian official spokesperson of MEA, Vishnu Prakash stated “Our cooperation with Vietnam or any country for that matter in the world is always as per the international law, norms and conventions”. Since then, New Delhi has maintained the position that its explorations in the SCS were purely commercial. OVL relinquished block 127 after it encountered dry wells. By giving up exploration in these two blocks, India has extracted itself from the SCS dispute.

Apart from these two blocks, OVL had already signed a gas exploration contract with Vietnam in 1988. This gives access to Lan Tray and Lan Do fields in Block 06.1, off the coast of Vietnam in the SCS. India would continue to engage in the Nam Con Son basin (close to the Natuna Sea) that OVL was awarded as a goodwill gesture to India. Currently, OVL has a 45 per cent stake in these blocks. The blocks where India is now involved are not part of the dispute. (Singh,2012). Therefore, while the US will be pushing for a more rigid architecture of security cooperation in the region, India will play a wait and watch game for the time being (Bagchi, 2011).

**IV CHINA’S NAVAL DEVELOPMENT AND THE SOUTH CHINA SEA**

Against these developments, China’s motives in this region are no surprise. Energy security
has compelled Beijing to cast anxious eyes on these sea lines of communication. China’s active defense strategy has a maritime component that aligns with the PRC’s 1982 naval maritime plan. The naval strategy demarcates three stages, in the first stage, from 2000 to 2010, China was to establish control of waters within the first island chain that links Okinawa prefecture, Taiwan and the Philippines. In the second stage from 2010 to 2020, China would seek to establish control of waters within the second island chain that links the Ogasawara island chain, Guam and Indonesia. In the final stage, from 2020 until 2040, China would put an end to US military dominance in the Pacific and Indian Oceans, using aircraft carries as a key component of their military force (Ronald, 2012).

In fact, the current development of China’s military capabilities is becoming more and more maritime in orientation with the rapid expansion of its blue-water navy capability. China has already developed a capability to defend these island chains with a total acquisition of modern submarines, frigates, corvettes, and patrol ships, among others as well as development of an aircraft carrier and even a stealth fighter. It has also recently adopted a “Far Sea Defense” strategy, which can challenge the freedom of action of other major powers beyond the island chains. (Far Sea Defense strategy means continuing to dispatch the full range of diplomatic assets -- including highest-ranking officials, development experts, interagency teams, and permanent assets -- to every country and corner of the Asia-Pacific region.) China has increased its naval presence in the SCS by deploying several ships in the area. On 10 March 2009, China deployed its largest and most modern naval ship, Yuzheng 311, to patrol China’s exclusive economic zone and strengthen fishery administration in the SCS. The existence of China’s new underground nuclear submarine base on the southern tip of Hainan Island, close to vital sea lanes of navigation in Southeast Asia, has also raised enormous regional anxieties.

China is ASEAN’s largest trading partner; trade value between them in 2011 was USD 292.78 which is 37.5 per cent from last year. China’s top three trade partners are Malaysia, Thailand and Singapore (Xinhua 2011). Trade and economic ties between ASEAN and China have been growing rapidly over the past years, especially after the signing of the Framework Agreement on Comprehensive Economic Cooperation in November 2002 to establish the ACFTA. Prior to the realisation of ACFTA on 1 January 2010, Trade in Goods (TIG) Agreement, Trade in Service Agreement and the Investment Agreement under the Framework Agreement of Comprehensive Economic Cooperation have been concluded and signed on 29 November 2004, 14 January 2007 and 15 August 2009, respectively. Subsequently, the Economic Ministers from ASEAN and China at their 10th Consultations in August 2011 in Manado, Indonesia, endorsed the establishment of the ASEAN-China FTA Joint Committee. ASEAN and China continued to enhance their close and strategic partnership through regular dialogue and consultations, which include Summits, ministerial meetings, senior officials and experts meetings (ASEAN-China Dialogue Relations, 2012).

China needs Southeast Asian resources and market. It needs a stable and peaceful regional environment for its modernization purpose. Beijing is also mindful that an adverse relationship with ASEAN could force them to have closer alignment with China’s competitors Japan and the U.S.
How China engages Southeast Asia may tell us much about the nature of China’s rise. In the view of one analyst, ‘... with regard to Asia, China seeks to promote an image of being able to handle its greater economic and strategic clout responsibly ... China wants to play a constructive role in regional economic and political affairs, perhaps with a view to building a stable foundation for greater influence in the future’ (Vatikiotis, 2003).

China needs Southeast Asian resources and markets. It needs a stable and peaceful regional environment in its neighborhood for the purpose of modernization. Beijing is also mindful that an adverse relationship with ASEAN could force them to have closer alignment with China’s competitors Japan and the U.S. It is also concerned about the pro-U.S. defense orientation of many ASEAN countries (Acharya, 2010:239). It has planned a kind of ‘Chinese Monroe Doctrine’ for Southeast Asia. Such a strategy would seek to expel any competitive military presence from the region and create a strategic environment in which Southeast Asian governments would understand that they cannot take major decisions affecting Chinese interest without consulting Beijing. However, S.D.Muni has argued that China’s close relations with the new ASEAN members enable it to ‘project itself as a stabilizing force and a mature power in the Asia Pacific region’. But it has ‘all the characteristics of a centre-periphery relationship’ (Acharya, 2010:240).

The region is currently tense because of unresolved maritime claims. But the major source of the dilemma is the rise of China. So it remains to be seen how much magnanimity China will show towards its neighboring countries. With an impending leadership succession preoccupying the Communist Party it will categorically try to avoid any major diplomatic friction. China claims that it always stands for negotiated settlement of international disputes through peaceful means. This position also applies to the SCS Islands. It is committed to working with the countries concerned for proper settlement of the disputes related to the SCS through peaceful negotiations in accordance with the universally-recognized international law and the contemporary law of the sea, including the fundamental principles and legal regimes set forth in the 1982 U.N. Convention on the Law of the Sea. This is clearly seen in the Joint Statement issued at the China-ASEAN informal summit in 1997, the proposition of ‘shelving disputes and going in for joint development’ and the 2002 Declaration on the Conduct of the Parties in the SCS between the ASEAN and China. However, in recent times there have been discrepancies between China’s declared position and actual intentions and practices.

V CONCLUSION

The current state of affairs in the SCS region is characterized by a multinational dispute over its territorial delimitation. Traditionally, the region was not a source of conflict. It was only after the Second World War that the area started gaining strategic importance. China insists that it has rightful claims to these territories and that its neighbors have taken advantage of its military weakness to infringe on its sovereignty. Taking into account the contemporary developments in the region there can be a few plausible scenarios.

Scenario I

China’s strategy on the issue appears to be a combination of ambiguity, and selective use of force and tactical timing. China is adamant on solving the issue bilaterally and opposes any multilateral solution. ASEAN countries are reluctant to solve the issue bilaterally because the end result may be in Beijing’s favor due to its political and economic clout.
The Chinese leadership is aware of the challenges this dispute can pose to its rise because the oceans and seas of the world provide vital energy and strategic route/links needed for a globalizing economy. Further as a fast growing economy China offers an immense economic growth potential to the ASEAN states. Subsequently, inexplicable claims from China will further complicate the situation making it a zone of anarchy.

**Scenario II**

Opposing the Chinese stance, the ASEAN claimants counter-argue that non claimants are legitimate stakeholders when it comes to broader issues affecting the stability and security in the Sea. This was firmly supported in the ASEAN-India Summit November 2011. Southeast Asian states might not like to antagonize either China or any major external power (especially the U.S.) in the region which could lead to a stalemate.

It can be inferred that there will be no major upheaval. There may be political disorder in the worst case scenario. A negotiated compromise may be difficult to reach but there are many political and diplomatic tools to avert any anomaly in the region.

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