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## South China Sea

### Opportunity or Liability?



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## South China Sea Opportunity or Liability?

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### Recommendations

- India has stayed aloof from the South China Sea dispute, but it should not compromise its freedom of navigation in international waters and trade interests in the region. It should stand by its economic enterprises, especially ONGC and its agreement with Vietnam.
- India should engage with Indonesia, Vietnam, Malaysia and Japan considering the security dynamics in the region, especially on the SCS.
- Legal aspects need to be highlighted in all bilateral/multilateral dialogues between the claimants under the supervision of the UNCLOS.
- The international community which relies on transit through the SCS must push for effective management of the SCS by China, Vietnam and Philippines even though the dispute may not be resolved completely.
- The disputing parties should consider the economic interests of other countries and avoid militarization of the region.
- Media should act with restraint and avoid over-blowing the issue for the purpose of objective analysis and peaceful resolution of the dispute.

**Amb. Aftab Seth, Former Indian Ambassador to Vietnam**

It is significant for India to show its presence in the South China Sea (SCS) region. The recent visit of Obama to Australia and US intention to strengthen its naval position in the Pacific region by deploying their troops in Australia will have a significant impact on its relationship with Beijing.

It is important for India to engage with Indonesia, Vietnam, Malaysia and Japan considering the security dynamics between India, China and Southeast Asia. The trilateral exercise between Japan, US and India to be held on 19 December 2011 will be an effort in this direction.

The East China Sea and South China Sea is extremely vital for India considering the security dynamics of the region. The focus on the recent developments in SCS along with understanding the historical context is important for future scenario development. It is vital for strategic reasons that India shows its presence in the SCS and indicate to China that India does not accept the SCS as a Chinese territory.

India should not pull itself out from the region, especially in context of the improving bilateral relations between India and Vietnam. The strategic relations between India and Vietnam have improved in the last few years with high level official visits. There is a great economic opportunity in the region for India and its companies such as ONGC- Videsh Ltd. should continue operating in the SCS region. The recent agreement between India and Vietnam to explore oil in the South China Sea has been highly criticized by the authorities in Beijing. Chinese media has warned India not to enter the disputed area of the SCS.

However, it is important to note that India's engagement in the South China Sea has been since the 1980s. The relations between the ONGC and Petro-Vietnam dates back to the 1980s which were renewed in 2005. There was a danger of the ONGC pulling out in the past and there is a similar concern in future too which is not a very good sign. India



**“It is vital for strategic reasons that India shows its presence in the SCS and indicate to China that India does not accept the SCS as a Chinese territory. India should not pull itself out from the region, especially in context of the improving bilateral relations between India and Vietnam. There is a great economic opportunity in the region for India and its companies such as ONGC- Videsh Ltd.”**

**- Amb. Aftab Seth**





“The SCS is strategically important to US and in all probability it will not thin out its presence to an extent that it endangers its own security interest. The US navy and air force use the passage way in the SCS for the transit between military bases in Asia, the Indian Ocean and Persian Gulf. The US also intends to deploy 2300 marines in Australia to make the US naval exercises in the region easier and convenient.”

- Jayadeva Ranade

should be concerned as China will try to confront and stop it from operating in the waters of the SCS. Recently an Indian Naval ship was buzzed by the Chinese and was accused of trespassing into the Chinese territory. It still remains a question whether we were targeted or it was an experimental propaganda. India should be concerned on such an act as it is a major threat for the Indian security forces especially the Navy, and its freedom of navigation in international waters.

### **Mr. Jayadeva Ranade, *Distinguished Fellow, CAPS***

US diplomacy in the Asia-Pacific region and the increased bilateral tensions in this region are related primarily to maritime territorial disputes. There have been several fresh confirmations that the US has decided to stay engaged in the region for the long term. A couple of years ago there were serious doubts in Taiwan, Indonesia, Japan etc, as to what the US plans were, whether they will thin down the naval forces deployed here, or retreat from the Asia-Pacific region. On the other hand, as far as China is concerned there have been repeated assertions in the official Chinese media, such as the *Liberation Army Daily* and *People's Daily*, about the maritime territory over which China claims its sovereignty as being 3 million sq kilometres, which is slightly more than the entire SCS. Their objective is to establish dominance over the entire 5 million sq kilometers of maritime area which includes the East China Sea, Yellow Sea etc. The *People's Daily* has repeatedly criticized the US involvement and interference in the SCS. Opinion has been also expressed within China's military establishment on the US moves in the Asia-Pacific region. Addressing the Central Military Commission, Hu Jintao has, amid growing tensions in the SCS dispute and the US growing presence and interference in the SCS, urged the Chinese Navy to prepare for 'military struggle. This report was posted on the Central Military Commission website on 6 December 2011. These are signs that China is not going to resile from its position in the SCS. Official media articles also reported adversely on the largest-ever US-Republic of Korea joint military exercises in 2010, as an act to contain China.

In early 2010 the US-South Korea naval exercise was interpreted by Beijing as a move to threaten its 'economic heartland and political centre' and sovereign possessions in the maritime waters. The apprehension escalated when the US aircraft carrier George Washington was to join the exercise in the Yellow Sea. Its arrival was deferred but it sailed in these waters later. Since, then there have been more exercises which have heated up the situation. The statement made by US Secretary of State, Hilary Clinton in

also calling for a multilateral resolution of SCS sovereignty issues was also interpreted as a stance against China. Early in 2011, the US issued its National Security Strategic doctrine which stated that the US strategic priority interests will increasingly emanate from the Asia-Pacific region and that assured access to, and freedom of maneuver in, the SCS is of enduring interest to US. President Obama also echoed similar sentiments when he visited Australia recently. The SCS is strategically important to the US and in all probability it will not thin out its presence to the extent that it endangers its own security interest. The US navy and air force use the passage way in the SCS for transit between military bases in Asia, the Indian Ocean and Persian Gulf. The US also intends to deploy 2300 marines in Australia to make the US naval exercises in the region easier and convenient. Chinese military strategists have pointed out that this deployment will shorten the time taken for US forces to reach the SCS instead of from Guam. Obama also hinted at the emerging confluence of interest, when he referred to US interests in Japan, Indonesia, Thailand, and Singapore and welcomed India to 'Look east' and play a larger role as an Asian power.



The Chinese media has repeatedly accused US of 'building an anti-China alliance in the region and encouraging' China's neighbours to 'challenge China'. China's perception of what has been happening can best be put in the words of People's Liberation Army Maj. Gen. Luo Yuan. He was reported in the People's Daily on 28 November 2011 As saying "the United States is making much of its 'return to Asia', has been positioning pieces and forces on China's periphery, and the intent is very clear, it is aimed at China to contain China." A longer term strategic view was expressed by Shen Dingli, the deputy director and Professor, Center of American Studies at Fudan University, who stated that if China is losing now, in the next 10 years it is the US that will lose. There have been numerous critical references to India in the Chinese media in these months. A few instances which can be referred to are as follows. First, China will have to finally resolve its outstanding maritime and land territorial disputes through a military solution. And in that context it stated that India and Japan are two large nations in this region with whom we have disputes. Second, in the context of the SCS sovereignty issue, in order to teach the other countries a lesson China will have to look at the two bigger nations in the region, namely India and Japan. And if it has to administer a lesson then India as the larger nation would be a likely choice. The present time is difficult for India and it is going to be difficult also for China and the region. But if we back off from our stance on ONGC and its agreement with Vietnam, we are affecting our own sovereign interests and inviting more pressure.

**"One trillion dollars of US trade passes through SCS, so it is vital for them, Hillary Clinton said it is of national interests for the US. But India has not said anything to that effect. Though India does have military doctrine, it stands aloof from government support and does not carry its sanction. Neither does India have the capacity to use military means on this issue."**

**- Col. (Retd) Gautam Das**

**Prof. Srikanth Kondapalli, Professor Chinese Studies, JNU**



“Overall India has an opportunity in terms of engaging with China. The Indian MEA has stuck to the UNCLOS position but the Chinese position is contradictory. The Chinese base their claims on the islands it occupies while generally the sovereignty of these islands continues to be disputed. Rather it should adhere to UN Charter as a basis for resolution. “

- Prof. Srikanth Kondapalli

To reach any conclusions whether the South China Sea is an opportunity or a Liability, one has to closely observe the intentions and capabilities of China regarding it. Overall India has an opportunity in terms of engaging with China, especially in three areas:

First, in energy exploration and trade related issues: while China has 12 main choke points in the South China Sea; India has a similar advantage in the Malacca Straits. India has been engaging with Japan, South Korea, Taiwan and the US to explore barricade options in the Malacca Straits. On the whole, its trade with the region accounts for 60-70 per cent of India's trade. Even the investment profile is increasing in this region. For instance, Japan's investment in the Delhi and Mumbai corridor/Metro is increasing.

Traditionally, these blocks were considered inaccessible being 2000-3000 meters deep and technologically problematic for drilling, but they are being exploited now. Blocks 127-128 supposed to be drilled by the ONGC are around 102 nautical miles from China and also within 200 nautical miles of Vietnams' economic exclusive zones (EEZ). The Indian MEA has stuck to the UNCLOS position but the Chinese position is contradictory. The Chinese base their claims on the islands it occupies while generally the sovereignty of these islands continues to be disputed. Rather it should adhere to UN Charter as a basis for resolution. China has not accepted the UN principles on the South China Sea.

Second, India should give a signal to the Vietnamese that India will stand by it. Not in military terms exactly, but at least official bilateral support through close partnership. Since it has done so all over these years, this position needs reiteration for better bilateral relations. China is gaining allies and friends without any external hindrances, India should also better its relations without any inhibitions. The intensity of the exchanges and engagement needs to



increase. It also has to be viewed in the context of China's rise and how India intends to deal with it in the Indian Ocean. China has a very clear strategy, no tension holds and has reassured India about its intentions in the Indian Ocean. So India should similarly reassure about its intentions in the South China Sea clarifying that its presence is legitimate given the economic engagement with the region. More and more voices are being raised by the Chinese even at the strategic front. Rear Adm. Ying Zhou (CISS) had stressed on the fact that China should set up bases in the Indian Ocean. Subsequently, Shen Dingli, Professor at the Fudan University, argued for setting up of replenishment entities. China is also actively engaging with Pakistan. It sent armed forces to Pakistan for flood-relief and peace missions and some 10 counter-terrorism exercises were held with the Shanghai Cooperation Organization. So there has been an effort to revive its independent foreign policy, so India should engage more with the South China Sea.

Moreover, India needs to reevaluate its options in the light of the three wars that China wants to wage as suggested in 2005: propaganda war, legal war, and psychological war. Another significant question is whether China will upset the applecart or engage in any quick war considering that the eighteenth Party Congress is due next year. And will China ignore the nuclear deterrence that India has? If China's objective is to build a well-off/harmonious society then it needs to carefully look into its strategy. It also needs to control the extreme nationalist rhetoric evident amongst its netizens and bloggers; but it is also controlled nationalism. One significant indicator about China's intentions in the region is the use of the terminology of 'core interest.' The missile launch on Taiwan took place since China had long before identified it as a 'core' sovereignty interest. So is the case of Tibet. However, the 2009 Chinese White Paper does not identify South China Sea as a core interest.

A more viable option for the South China Sea is coercive diplomacy. Several scenarios can be explored in terms of China's behavior in the South China Sea. It is often assumed that the British petroleum was driven away by China last year; however the British Petroleum had several reasons of its own to withdraw. Thus China's behavior on India's presence through the ONGC cannot be established with certainty. India's national doctrine also mentions South China Sea as its secondary area of concern. In fact India also has several pinpricks which it can exploit to its advantage. It is anyone's guess if India decides to disturb the hydro-electric power projects in Pakistan occupied Kashmir (PoK) across the Jhelum River, will China come to Pakistan's rescue. In October India deployed five ships in the region which will deter China from acting on the ONGC platforms.

**“Unless India has a grand strategy it will not be able to proceed. Even if China's claims are historical and Vietnam has legal claims, but China's claim that there are no high seas in the SCS means that China is protecting its EEZ to garner more resources. It is on the other hand claiming that there are high seas in the Indian Ocean which means it can go and claim clusters in that region.”**

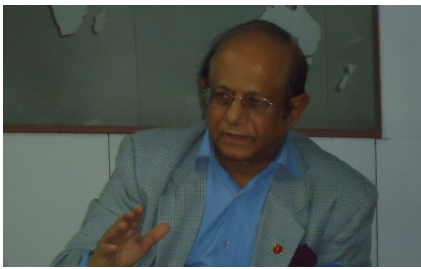
**- Cmdr (Retd.) Ranjit Rai**



**“The six agreements signed between China and Vietnam regurgitate the old argument about peaceful resolution of dispute. During the East Asia Summit and the ARF Summit China tried to calm other states by emphasizing the guidelines on 2002 Code of Conduct, but even though China has made a tactical retreat in the SCS but it will come back strongly in future.”**

**- Cdr. K K Agnihotri**

**Maj. Gen. Dipankar Banerjee, *Mentor, IPCS***



“While Wen Jiabao was quite reticent in his remarks, Hu Jintao has indicated to ‘war-preparedness’ in this region to defend their primary interests. His position is being deemed quite assertive also in the face of US posturing in the Asian region. For the US it is more a matter of presence which should indicate that it is still interested in the affairs of South Asia.”

- Maj. Gen. Dipankar Banerjee

The South China Sea is largely an issue of sovereignty and legal complications in context of the UNCLOS. Several new terminologies are emerging, most prominently the usage of ‘Indo-Pacific Oceanic region.’ The number of high level visits between India and Southeast Asia has also increased and India is actively pursuing its look east policy. A case in point is the Indo-Vietnam relations which were absolutely non-existent around forty years back, but have improved in the last few years.

The leadership change in China slated for next year is also likely to have impact on the South China Sea. There is currently an intense struggle going on between leaders for key positions based on their stand on these significant issues. While Wen Jiabao was quite reticent in his remarks, Hu Jintao has indicated to ‘war-preparedness’ in this region to defend their primary interests. His position is being deemed quite assertive also in the face of US posturing in the Asian region. For the US it is more a matter of presence which should indicate that it is still interested in the affairs of South Asia.

In terms of the amounts of resources in the South China Sea, it was considered quite difficult to gauge. Now China is claiming tremendous amounts of resources while the US is down-playing the amount of resources. There is a larger degree of integration and amounts of dialogue in this Indo-Pacific Oceanic region today. Southeast Asia as a region also did not have a coherent policy for this region. Many countries showed disinterest while others were not in a position to point out their misfortune. To consider India’s interest in the region, one will have to look at larger bilateral arrangements between the two countries, Vietnam’s statements about it claims on the South China Sea recently and US posturing in the region.

