

## Flashpoint South China Seas: Policy options and Implications for India

Dr Probal Ghosh

*If these countries don't want to change their ways with China, they will need to prepare for the sounds of cannons. We need to be ready for that, as it may be the only way for the disputes in the sea to be resolved.*

- [Global Times](#) (China), 25 October 2011

The South China sea region has emerged as one of the areas of intense global focus with claims and counter claims of contending countries flooding the region in an atmosphere of mistrust and animosity. The debate and actions by maritime para military forces, fishing fleets, agencies behaving like maritime militia have underscored the shrill cry for establishing/ reasserting sovereignty over disparate islands and “rocks” raising it to a crescendo. The entire atmosphere in the area seems laden with a growing disenchantment with the efficacy of the multilateral forums like ASEAN due to the growing divisions evidenced by the recent failure to issue a joint communiqué at the Pnom Penh meeting recently<sup>1</sup>. Depending on the perception and loyalties of the viewer, but a majority of the contending littorals would like to place the blame of the imbroglio at the Chinese doorstep – much to the chagrin of the latter.

The reasons for this accusation are varied but even to an outsider, it is obvious that Chinese foreign policy with respect to the South China and East China seas seems to have undergone a paradigm shift during the last few years. This has raised the debate that this might be a precursor to the forthcoming change in central leadership within the CPC (Communist Party of China). A change that that may well have initiated an intense jostle for power in the background against the projected façade of a seamless transition of power at all levels. Consequently, jostling (especially at lower levels) is bound to find outlet in jingoistic expressions

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**Dr PK Ghosh** is Senior Fellow at the Observer Research Foundation. He is also the Co Chair of the CSCAP International Study Group on Maritime Security (Naval Enhancement in Asia Pacific)

<sup>1</sup> For the first time in ASEAN history - the ten member regional grouping failed to issue a joint communiqué at the end of the meeting of Foreign Ministers at Pnom Penh in July 2012. There were difference on the South China sea issue. Talks floundered after China insisted the forum was not the appropriate place to discuss the issue and Cambodia (the Chair) resisted any steps that would embarrass Beijing.

of sovereign rights in sensitive areas such as the South/ East China seas- in a natural effort to deviate attention for the internal churning process currently in progress.

This perceptible shift in international posturing probably received its impetus from China's rapidly growing military capabilities and an increasing sense of having "arrived" at the international geo strategic scenario. The successful staging of the Beijing Olympics only reinforced this thought process along with the fact that the world financial crisis that effectively humbled the Western economic giants, left the Chinese economy relatively unscathed. Coupled to this is the secure feeling that the PLA (especially the PLA(N)) has emerged as one of the faster modernizing forces in the world.

This discernible modification in Chinese foreign policy imperatives involves overcoming of the phase of "biding time" to a stance that has been termed as increasingly aggressive – especially on issues related to their sovereignty claims in the region. Seemingly, the age old Chinese dictum of hiding one's capabilities and strategically biding time for an opportune moment, which found a revival in Deng's "24 Character strategy" on foreign and security policy, has been superseded even though it was at one time supported by Mr. Hu Jintao- the current Supremo.

According to the Chinese, this shift signifies the turning of the full circle in which memories of ages in which it had to suffer humiliating encroachments by foreign countries, was borne by Beijing as it was too weak to do much about the sovereignty intrusions and its past territorial claims.

Now with a near blue-water navy able to push further out into the Indian Ocean and the Pacific, and spurred by increasing nationalist sentiment, the aggressive posture seems to be a natural outgrowth.

However, the aggressive tenor of the current Chinese actions have shaken the littorals from complacency, revealing their perceived status quo position was likely to be challenged forcefully, leading to conflict-like situations. Naturally, visions of the bloody numerous clashes that took place earlier have returned to haunt the affected countries even though the strategic situation has evolved and changed in many ways since then. A notable example is the Paracel Island conflict of 1974 which resulted in the death of 53 Vietnamese soldiers while there was no agreement on the Chinese casualties. Later, the Johnson South Reef skirmish of 1988 which again led to many casualties and the lives of 70 Vietnamese were lost in the conflict to the Chinese.

Interestingly, China through its “ nine dashed lines” claims about 80% of the South China Sea as its own, a claim that is vigorously contested by countries like Vietnam, the Philippines, Brunei, Malaysia and Taiwan. Claims and counter claims that have led to faceoffs some of which are naturally minor and deliberate and others which have the potential to escalate to a conflict. Earlier skirmishes were, (accompanied by loss of lives at times) have now manifested to classical brinkmanship raising the potentiality for a miscalculation, loss of life and conflict escalation.

The Chinese perceive the Yellow Sea, East China Sea, and South China Sea as the so-called "near seas" which are regions of **core strategic interest**, along with Taiwan and Tibet, thus ostensibly enhancing the strategic importance of these seas manifold and reinforcing their sovereignty claims.<sup>2</sup> However, when confronted

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<sup>2</sup> Also see "U.S., China Relations: Policy Issues Congressional Research Service, 12 January 2011.

with this aspect the Chinese seem to have backed down from this assertion in 2011<sup>3</sup>.

In recent months, the oil exploration vessels and fishermen from the Philippines and Vietnam have stated that they have been at the receiving end of considerable Chinese harassment in the South China Sea area. The consequent protest by these two countries is probably one of the primary drivers which led the US Secretary of State, Hillary Clinton to condemn such acts of “intimidation” in the waters, reiterating that the US shared a national interest in free navigation through the seas. This significant statement was viewed with varying perspectives from different international quarters. The Vietnamese and Philippines were relieved to have the U.S. playing a leadership role in the dispute since it effectively declared Chinese claims to the entire sea as “invalid” as was quoted in *The Washington Post* which cited an anonymous “senior Administration official” on the issue. Another driver for this posturing and statement was that U.S. also realized that though it is not a party to the dispute, should China achieve exclusive rights to the sea, the U.S. would have to base access to the waterways on the willingness of permission from China, not UNCLOS- a situation least favourable to the US.

In turn, the development and the US statement undoubtedly displeased the Chinese enormously and invited a sharp retort. They were quick to question U.S. intentions, accusing Washington of “serving its own ulterior motives” and “attempting to coerce Southeast Asian nations into blowing out of proportions the South China Sea issue.” Subsequently, the Chinese Foreign Ministry also warned the United

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<sup>3</sup> Edward Wong , "China Hedges Over Whether South China Sea Is a ‘Core Interest’ Worth War". *New York Times*. Published 30 March 2011 .

States against making the South China Sea “an international issue or multilateral issue.”

Rejecting the bilateral approach propounded by the Chinese in “solving” the problems of South China Sea, against a more commonly sought multilateral ‘ASEAN way’, Clinton went on to state that “Issues such as freedom of navigation and lawful exploitation of maritime resources often involve a wide region, and approaching them strictly bilaterally could be a recipe for confusion and even confrontation.”<sup>4</sup> Clinton subsequently testified in support of the Law of the Sea Convention, which would strengthen U.S. ability to support countries that currently oppose Chinese claims to islands in the area.<sup>5</sup>

Thus the US statement sent out varying subterraneous strategic messages simultaneously. It clearly projected the intention of the US to involve itself in the unclear and complex affairs of the region despite a standard US policy of never voicing its opinion on territorial claims. On the other hand, the US also made it clear that the Chinese actions of aggressive nature – adopted during the past few years would be unacceptable, thus in many ways providing moral “support” to the cause of the other claimants like Vietnam and Philippines. Reiterating the necessity to maintain freedom of navigation in the trade busy routes of South China seas – for the benefit of the larger good – the statement provided much needed support to the countries facing the brunt of Chinese aggressive actions. However, despite the satisfaction and relief of having achieved support from the US, these countries realized that the *real politick* of the US having a military

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<sup>4</sup> As cited in Reuters “Clinton warns against threats in Spratlys, Scarborough dispute” at <http://www.abs-cbnnews.com/global-filipino/world/07/12/12/clinton-warns-against-threats-spratlys-scarborough-dispute>. published on 12-July 12.

<sup>5</sup> See [http://en.wikipedia.org/wiki/Territorial\\_disputes\\_in\\_the\\_South\\_China\\_Sea#cite\\_note-59](http://en.wikipedia.org/wiki/Territorial_disputes_in_the_South_China_Sea#cite_note-59)

conflict with the Chinese on behalf of the others in the region was the most unlikely scenario and a pipe dream.

The South China seas has proven oil reserves to the tune of 1,2 Km<sup>3</sup> ( 7.7 billion barrels) with an approximate estimate of a total of 4.5km<sup>3</sup>( 24 billion barrels) and natural gas reserves being a7,500km<sup>3</sup> (266 trillion cubic feet)\* making it virtually a fountain head of energy and the main suspected rationale behind some of the Chinese claims. As Mark Landler of *The New York Times'* explains, "China's maritime ambitions have expanded along with its military and economic muscle. It has long laid claim to islands in the South China Sea because they are rich in oil and natural gas deposits. It has also put American officials on notice that it will not brook foreign interference in the waters off its southeastern coast, which it views as a 'core interest' of sovereignty."

Consequently, China has bitterly opposed oil companies from prospecting in disputed areas of overlapping claims which are currently not under its control. It has warned international oil companies from exploratory operations off the coast of Vietnam, claiming that it encroached into its territorial sovereignty even though some of the areas are a mere 100-70 nm from the Vietnamese coast. But Vietnam, occupying more than twenty of the Spratly Islands, has refused to be cowed down by its big neighbor and has worked despite the protests, reinforcing the international opinion that Vietnam is one of its most determined rivals of China in this situation, having invited comparisons of the biblical David vs Goliath situation.

### **Current Escalatory Moves**

The situation took a down turn when on 21 June 2012 when the Vietnamese National Assembly approved a maritime law claiming sovereignty and jurisdiction over the Paracel and Spratly islands in the South China sea.<sup>6</sup> The perception in the Vietnamese side was that this was merely a continuation of a number of provisions in their existing laws and hence this Parliamentary approval and ratification was a logical conclusion.

However, the Chinese viewed this development differently with considerable concern and as a violation of their sovereignty. In an effort to retaliate quickly, the same day Beijing announced that it had elevated the administrative status of the Nansha (Spratly) and Xisha (Paracel) islands from a county to that of a prefectural-level district. Further actions by the Chinese followed after two days when on 23 June 2012 the state company CNOOC (China National Offshore Oil Company) offered nine offshore blocks (located in what Vietnam claimed was their exclusive economic zone) to international oil and gas companies for global bidding.

This reaction was particularly astonishing since it signified a Chinese sovereignty claim over the seas that was a mere 100 miles off from the shores of Vietnam and around 350 miles from the nearest undisputed Chinese territory on Hainan

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<sup>6</sup> Vietnam's Law of the Sea was adopted by 495 out of 496 National Assembly (NA) deputies on 21 June 2012, accounting for 99.8 percent of the vote. Foreign Ministry spokesman Luong Thanh Nghi rejected Chinas accusations of Vietnams legitimate act as unreasonable. See <http://www.globalsecurity.org/military/world/war/south-china-sea.htm>

Island.<sup>7</sup> . Importantly, many of these blocks on offer by the Chinese overlapped the blocks that had already been sold by the Vietnamese earlier for exploration.

Unfazed by the incredible situation, and growing international concern, the Chinese maintained that CNOOC's offer of inviting oil companies to bid for the blocks was normal business practice and in consonance with international conventions laws and the Chinese laws as well.

However, this ongoing action did not prevent the Vietnamese from going on the verbal offensive against the move. The state-run PetroVietnam urged foreign companies not to bid for these offshore blocks and its General Director Do Van Hau stated on 27 June 2012 that "These blocks lie deeply on the continental shelf of Vietnam and overlap with Vietnam's blocks 128 to 132 and 145 to 156". Simultaneously, Vietnam tried to persuade and prevent companies like the OVL from vacating the block 128 immediately, with Block 127 having been vacated earlier since it was considered dry. The entire effort was probably to ensure that China and its allocated companies did not commence exploration operations in this disputed region, thus in a way reinforcing Chinese sovereign claims. However, such developments have had a serious detrimental effect and have made the international oil exploration companies chary of bidding for the disputed areas.

It is obvious that these recent developments and the Chinese actions have seemingly enhanced the potential to explode and escalate into a serious conflict.

Contextually and in another simultaneous development, the Chinese Central Military Commission, (CMC) has approved the deployment of a garrison of

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<sup>7</sup> Thomas Hogue, "Mapping out China's bold claims" July 2, 2012 at <http://www.platts.com/weblog/oilblog/2012/07/02/southseachina0702.html>

soldiers from the People's Liberation Army (PLA) to guard islands claimed in the region, while an announcement was made that 45 legislators elected to govern the 1,100 people who live on the island groups of the Spratlys, the Paracels and the Macclesfield Bank — (known in Chinese as the Xisha, Zhongsha and Nansha islands ) had met for the first time for a meeting<sup>8</sup>.

While the Chinese problems with the Vietnamese continues, a slight distance away, the Scarborough Shoal standoff with the Philippines shows little signs of abating even though both countries have signed a code of conduct in 1995 pledging to solve the dispute of the Scarborough Shoal (which Manila claims not to be a part of the Spratlys chain) .

The current round of tensions began at the Panatag Shoal (Philippine name) located 124 nautical miles from the nearest basepoint in Zambales province of Philippines when on 8 April 2012 Manila sent its navy to search eight Chinese fishing vessels operating in the disputed area. Chinese Maritime Surveillance Forces vessels subsequently arrived, provoking the deployment of the largest Philippine warship of US origin *BRP Gregorio del Pilar*, a Hamilton class cutter. Later the ship was withdrawn from the area but China sent out two Fishery Law Enforcement Command vessels<sup>9</sup>. It was noticed that by July 2012, the Chinese had erected a barrier to the entrance of the shoal,<sup>10</sup> and that vessels belonging to Beijing's China Marine Surveillance and Fisheries Law Enforcement

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<sup>8</sup> Jane Perlez "China sends troops to disputed islands in South China Sea" *New York Times* Posted online: Tue Jul 24 2012.

<sup>9</sup> Tina G. Santos, "Philippine, Chinese vessels in Scarborough Shoal standoff" *Philippine Daily Inquirer*, published 11 Apr 2012 also available at <http://www.asianewsnet.net/home/news.php?id=29529&sec=1>

<sup>10</sup> Michaela Del Callar. "DFA: China boats blocking PHL vessels from Panatag Shoal". *GMA News*. 18 July 2012.

Command were operating near the disputed area. As of September 2012, these Chinese ships have been turning away Filipino vessels coming to the area.

Hence the standoff with ships from both sides continues despite frantic efforts of the Philippine Dept of Foreign Affairs( DFA) and active diplomatic efforts at various levels to resolve the immediate issue with the Chinese.

In this dangerous brinkmanship it is worth noting that Chinese governmental agencies engaged in the Sea have degrees of civilian hues and are mainly the Maritime Surveillance Forces; the Fishery Law Enforcement Command; the governments of Hainan and Guangdong Provinces as well as customs and coast guard.<sup>11</sup> In theory, China's Ministry of Foreign Affairs has authority over them all, but the reality is that its sway is limited.<sup>12</sup> Noticeably, the People's Liberation Army Navy (PLAN) has chosen to remain in the background in the standoff – probably as a limited measure not to escalate the situation.

However, brinkmanship seems to have become common especially in all territorial disputes in the entire region of the South China seas. Most worryingly, accompanying this is the fact that South East Asian nations are pursuing an unprecedented level of naval modernization as tensions in the South China Sea test their abilities to find diplomatic solutions to their territorial disputes. According to projections by a US-based naval consulting company, AMI International, Southeast Asia is set to spend more than US\$25 billion on new naval acquisitions

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<sup>11</sup> The Scarborough Shoal Standoff” China Dispatch , 17 May 2012 also available at <http://www.currentintelligence.net/analysis/2012/5/17/the-scarborough-shoal-standoff.html>

<sup>12</sup> International Crisis Group, ‘Stirring up the South China Sea’ (23 April 2012); Linda Jackobsen, ‘New Foreign Policy Actors in China,’ SIPRI Policy Paper (26 September 2010)

through 2030, with the core of future projects to include fast attack craft and submarines.

The littoral states seem to be gearing themselves up to meet the challenge posed by overlapping claims by enhancing their naval inventories. Submarines – given their capability to act as stealthy force multipliers in the conducive waters of the South China seas - have already found themselves in the fleets of Indonesia, Singapore, Malaysia. , They also top the shopping list of Vietnam, with Thailand and Philippines also keen to procure them . Maritime strike aircrafts, like the Sukhoi Su-30, have entered the inventories of Indonesia, Malaysia and Vietnam. The Philippines would also start procuring fighter and surface attack aircraft, apart from boosting its depleted air surveillance capability.

The narrow seas of the South China seas region often require control over the air above and water column below given the lack of sea room for maneuverability. It is probably with this in mind that the littorals and the key powers in the South China Sea, seem to be gearing themselves up with such force multipliers to meet this challenge. Thus, the signs of warning seem ominous with growing naval inventories and mistrust – the regional flashpoint may well see the breakout of serious conflict.

### **Implications for India**

Vietnam occupies an important niche in the success of India’s “Look East Policy” and also in the promotion of India’s political , economic and security interests in South East Asia. Sitting astride important Asian sea trade routes and endowed with a strategic footing with waters extending from China’s doorstep in Gulf of Tonkin, Vietnam is a lynchpin in India’s foreign policy of the region. With a major

part of India's trade traversing through the seas, it has an important stake in ensuring that Vietnam emerges as a strong regional player to invigorate an equitable Asian order that rejects the dominance of any Asian power, including that of China.

Vietnam's strategic significance has increased rather dramatically given its economic resurgence and more importantly its perception that India as a benign power accrues manifold benefits for her to play a larger role in the entire region. With such symbiotic relations and congruence in strategic visions, India can play the role of a stabilizing power in the region with the help of all likeminded nations. Although it is seen as an external power, Indian interests in the South China seas region are manifold which are entrenched in the evolving dynamics of the regional geo strategy . Primarily it is in India's interest that the entire area remains stable and peaceful. Additionally, it is very keen that the growing turbulence associated with overlapping sovereign claims does not affect any legitimate activity related to exploitation of natural resources and importantly allows the freedom of navigation for the busy shipping through the region. However, the current unfolding of events along with the growing Chinese provocations are directly incongruent to India's interests.

ONGC Videsh (OVL) has been prospecting for oil in the Vietnam's EEZ since long. In 2006, after having won the international bid to explore Blocks 127 and 128 (Phu Khanh bay) in the territories under dispute but within the Vietnamese EEZ. India had since chosen to unofficially withdraw due to technical reasons. While Block 127 proved unviable and dry, Block 128 had unfavourable geological conditions and hard rock, difficult to penetrate and hence after

considerable dithering, India finally decided to “vacate” only to be requested by the Vietnamese to stay on for another two years. This aspect was considered by the Foreign Ministry and it was decided not to withdraw from well 128 – with the Minister of State for Petroleum and Natural Gas Mr R.P.N. Singh confirming this to the Parliament (Lok Sabha) in a written reply<sup>13</sup>

In the meantime Indian operations of extracting natural gas in Block 6.1 in the disputed region continues from where it got 2 billion cubic metres (BCM) of gas in 2011-12 for its 45% participating interest<sup>14</sup>

OVL has so far invested about \$360 million or Rs 1,900 crore in developing three blocks in the region. "Commercial interests take precedence over politics . Wherever there is oil, politics follows," ONGC Chairman Sudhir Vasudeva said while commenting on oil exploration in the disputed region.<sup>15</sup>

Just about a few months ago, a Chinese ship camouflaged as a large fishing vessel was seen operating near the Indian waters at Andaman and Nicobar Islands. The ship – supposedly equipped with 22 laboratories on board to carry out hydrological tests was closely monitoring Indian missile tests, ship movements and carrying out hydrological survey to enable future Chinese naval operations in the area. Since the ship was stationed just outside Indian waters, little could be done legally to enforce its eviction.

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<sup>13</sup> IANS “India has not withdrawn from Vietnamese Oil Block” 18<sup>th</sup> Aug 2012 also available at <http://in.news.yahoo.com/india-not-withdrawn-vietnamese-oil-block-minister-110345385--finance.html>

<sup>14</sup> Piyush Pandey, “ONGC Videsh Limited pulls out of block in South China Sea” also see “Engaging Upstream Oil & Gas Communities World-wide at [www.oilcouncil.com](http://www.oilcouncil.com)

<sup>15</sup> Ibid

Further, the amphibious Indian Naval Ship *Airavat* while returning from a successful tour of SE Asia had to face the Chinese “challenge” from an unknown Chinese warship. The incident happened on 22 July 11 when *INS Airavat* had sailed from Nha Trang port in south central Vietnam towards Haiphong, where it was scheduled to make a friendly visit about 45 to 50 nm off the Vietnamese coast on the South China Sea.

These incidents are hardly unique in their characteristics and conform to a pattern of increasing Chinese assertiveness at sea/ on land and a new found determination to reaffirm their sovereignty claims over disputed areas. It is also a situation where the current format of faceoffs, relying on brinkmanship may soon escalate into a bloody conflict on many fronts.

Ostensibly, in an effort to keep off “foreign powers” from the South China Sea region, China has managed to unnecessarily antagonize all well meaning and affected maritime powers like the US and India who seek the stability of the region and its freedom of navigation. Additionally, the recent failure of the 19<sup>th</sup> ASEAN summit meeting held in July 2012 at Phnom Penh to issue a joint communiqué due to indirect Chinese pressure has laid bare the fragility of the diplomatic process in dealing with the South China Sea issue and the lack of cohesion within the ASEAN against China on the matter.

Hence, it is obvious that the current tensions in South China seas has considerable implications for India and that it would like to act as an honest broker to bring stability in the region mainly because its interests in the region are deep and abiding even though it is an “external power”.

With nearly 50% of its trade passing through the SLOCs in the area, freedom of navigation is of paramount importance for Indian trade. Any interdiction of trade vessels will have grave consequences for the Indian economy.

The issue of innocent passage of warships and ships alike can also be hampered if hypothetically China was to establish its sovereignty over 80% of the area through its nine dashed lines. This was evidenced in the *Arivat* episode which can be regarded as the harbinger of times to come.

Finally India has spent large sums of money in legitimate exploration of energy and minerals in the area. Any attempt to obviate such spending through “strong arm tactics” as has been indicated by China is unlikely to go down well with Indians and may invite retaliation in other formats. .

## **Conclusion**

The various indicators mentioned earlier have a singular focus - the South China Sea region has emerged as the proverbial tinder box waiting to explode. Given the availability of ineffective diplomatic solutions, a growing disunity amongst ASEAN nations, military buildups, tense / bloody faceoffs and an increasing tendency to retort to brinkmanship, etc the potential for a fullfledged conflict has enhanced manifold unless all concerned nations are willing to take drastic measures.

This would include extensive negotiations between the claimant states to attempt including joint development agreements. As realized by the late Chinese Supremo Deng Xiaoping, the only viable way to deal with the intractable territorial

sovereignty disputes in the South China Sea is to set aside the disputes and jointly develop the resources.

It is in this sense that countries like the US and to an extent India play a stabilizing role. Both these nations share extensive interests in the region. The main concern revolves around the freedom of navigation and unhindered access for the movement of shipping trade.

(4348 words)

