Philippine planes confront China in disputed South China Sea

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Two Philippine military planes chased Chinese patrol boats from disputed waters in the South China Sea on March 2. The Philippine military claims that the patrol boats were harassing a Philippine vessel belonging to a private oil firm conducting seismic explorations of the natural gas and oil reservoirs in the Reed Bank, located 240 kilometers off the west coast of Palawan.

This confrontation comes as relations between the Philippines and China have soured, over the first eight months of the administration of President Benigno Aquino.

The Philippine vessel was conducting oil exploration in contested international waters. The Reed Bank is east of the Spratly Islands, a chain of islands with oil reserves in the middle of the South China Sea. The Spratly Islands are claimed in whole or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam.

The waters around the Spratlys and the Reed Bank are not contested only for their oil reserves. They are also rich fishing grounds. They straddle vital sea lanes, of keen interest to both the United States and China. Two-fifths of global sea traffic travels through one of the four straits of Southeast Asia. The region of the Spratly Islands is a key monitoring point and potential bottleneck for this traffic.

Philippine Lt. Gen. Juancho Sabban, head of the military's Western Command, issued a statement to the press saying that on March 2, two white Chinese gunboats with markings No. 71 and No. 75 accosted the exploratory vessel and ordered it to leave. The ship radioed for help, and the Philippine Navy and Air Force deployed an OV-10 bomber plane and an Islander light aircraft to the Reed Bank. The planes found that the Chinese boats had left the vicinity.

"We will not allow ourselves to be bullied. This is our territory. If they bully us, well, even children will fight back," Sabban stated.

A presidential spokesperson communicated with the media via text message, "I'm wondering why China would intrude into Reed Bank when it is not a disputed area."

In fact, the region has been contested for decades. Oil exploration was stopped in the Reed Bank in the 1980s after the construction of four oil wells because of a rival claims from China, Taiwan and Vietnam. Sterling Energy, a British oil firm, won concessions to explore the region from the Philippines government, under President Gloria Macapagal Arroyo, in 2002. This concession was never converted into a service contract that would have allowed Sterling Energy to drill the region, however.

Commercial and military rivalry in the South China Sea is an important element of the rising political tensions in the Filipino ruling class, as it seeks to balance between the United States and the rising power of China.

From 2004 onwards, Arroyo's administration underwent a marked shift in its international orientation, away from the United States and increasingly in favor of China. In September 2004, Arroyo signed the tripartite Joint Marine Seismic Undertaking Agreement, with China and Vietnam. Joint surveys were conducted between 2005 and 2008.

In 2008 a scandal erupted after an article in the February 2008 edition of the *Far Eastern Economic Review* claimed that Arroyo had "made breathtaking concessions in agreeing to the area for study, including parts of its own continental shelf not even claimed by China and Vietnam."

A debate broke out in the Philippine legislature, where representatives opposed to Arroyo argued that she had made these concessions in order to secure infrastructure loans from China. The Joint Marine Seismic Undertaking ended in January 2008, just before the scandal erupted.

During Aquino's first eight months in office, the Philippines' foreign policy has shifted back towards the United States. Washington has played a key role in an ongoing corruption scandal, which Aquino has used to consolidate power from Arroyo and her allies.

Philippine relations with China have soured. A badly bungled hostage situation in August 2010 resulted in the deaths of eight tourists from Hong Kong, after which the Philippine government apologized to officials in Beijing and Hong Kong. An inquest is currently being conducted in Hong Kong to look into the matter.

In December 2010, Aquino ordered a boycott of the politically motivated Nobel Peace Prize given to Liu Xiaobo. A senior diplomat in the Foreign Affairs department stated, "We do not want to further annoy China." Aquino later argued that he ordered the boycott to help protect the lives of overseas

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Filipino workers on death row in China for drug smuggling.

In early February, three Filipino workers on death row in China for drug smuggling were scheduled to be executed. They had been recruited as migrant workers and been instructed to carry packages for their employers. They claim that they had no knowledge of the contents of the bags that they were given.

Aquino appealed to the Chinese government to commute the sentences to life imprisonment, mentioning the supposed agreement regarding the Nobel Prize boycott. He was rebuffed. He sent Vice President Binay to China to negotiate. Binay was initially denied a meeting with Chinese officials. After public pleading, a meeting was arranged. A temporary stay of execution was granted, not for appeals or reconsideration, but simply to let the prisoners rot on death row until the propitious moment arises to execute them. When asked how long the stay would last, Binay responded that he was afraid to ask; he did not want to anger China.

Already publicly humiliated, Aquino suffered yet another blow in relations with China in February. The Department of Foreign Affairs deported 15 Taiwanese citizens convicted of fraud to Mainland China rather than to Taiwan. China had not appealed for this extradition. The government stated that it was deporting to China in keeping with its one China policy. While the one China policy is common, disregarding Taiwanese passports is a move without international precedent.

China seems to have given no credit to Aquino for this move, but the Taiwanese government was incensed. The flow of Filipino workers to Taiwan has been blocked; the Taiwanese government advised corporations to hire Indonesian, Malaysian or Thai workers and placed a lengthy waiting period on visas from the Philippines. There have been protests in Taiwan against China demanding the repatriation of the 15 deportees.

It is in this troubled context that plans for the South China Sea exploration mission were formulated. In early February, Aquino presided over a high-level cabinet meeting where it was decided that Forum Energy, the company that had bought out Sterling Energy's Reed Bank concessions, would be given permission to drill in the Reed Bank.

Philex, a Philippine mining firm, has a 65 percent stake in Forum Energy. Philex is owned by Manny Pangilinan.

Manny V. Pangilinan, known as MVP in the Philippine press, is a powerful figure in Philippine capitalism. He controls the Northbound and Southbound Expressways leaving Manila; Meralco, the Manila Electric Company; PLDT, the Philippine long distance telephone company, which is the largest company in the Philippines; the MRT3, the light rail transit system which carries 25,000 passengers per hour along the main thoroughfare of EDSA; Smart cellular, the Philippines' largest mobile carrier; Maynilad, which supplies over half of Manila's water supply; several major hospitals; the third largest television network in the country. He is president commissioner of Indofood Sukses Makmur, the largest instant noodle producer in the world. Pangilinan is poised to control all the main airport terminals in the country as well.

Pangilinan emerged dramatically on the Philippine economic scene less than a decade ago. He was financially backed by the Salim group, the largest conglomerate in Indonesia, with strong ties to the Suharto regime. Pangilinan has been a crucial supporter of Aquino from the beginning of his presidential candidacy. Pangilinan's Stradcom, an information technology provider, crafted Aquino's political campaign.

Aquino has reciprocated. He has appointed Pangilinan's employees and associates as the head of government offices. The head of the Department of Transportation and Communication (DOTC), Jose de Jesus, was head of Pangilinan's tollway corporation. He has been responsible for preserving government payments of revenue to Pangilinan.

The recently appointed Foreign Secretary Albert del Rosario sits on the board of directors of every Pangilinan-owned corporation. He embodies the shift in Philippine foreign policy away from China and toward the United States. Pangilinan is representative of the section of the Philippine bourgeoisie with ties to the United States finance capital. Initially these ties to US capital came via Suharto, but Pangilinan has now forged his own links.

The souring relations with China, the machinations of the United States in Philippine politics, and the international ties of the sections of the bourgeoisie to which Aquino is most intimately linked, have combined to create the hostile stand-off of March 2 in the South China Sea. The rapid economic growth of China and the international political ties between Aquino and the United States all point to more such confrontations in the future.

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