

Chinese patrol boats confront Vietnamese oil exploration ship in South China Sea

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Tensions between China and Vietnam have risen following a May 26 confrontation between an oil exploration vessel operated by the Vietnamese state-owned energy company PetroVietnam and three Chinese maritime patrol boats in the waters of the disputed South China Sea.

The incident came as all the claimants to territories in the South China Sea—China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan—scramble to access the immense untapped mineral resources under the sea, which also covers key shipping routes. Confrontations between China and its Southeast Asian neighbors are being driven by the looming power struggle between China and the United States. Washington has been openly encouraging both the Philippines and Vietnam in their increasingly assertive behavior in the region.

The PetroVietnam vessel was conducting seismic surveys 120 kilometers from the central Vietnam coast, and some 600 kilometers south of China's Hainan Island. The surveys were preparatory to exploratory drilling for oil.

According to press releases from PetroVietnam and the Vietnamese government, the Chinese patrol boats first stopped the oil exploration vessel and then cut the cables that it was laying. The cables were cut at 30 meters depth, indicating that the Chinese ships had come equipped to sever them.

At a weekend media conference, Vietnamese officials rejected China's claims that the ship was in Chinese waters and accused China of increasing regional tensions. "The Vietnamese navy will do everything necessary to firmly protect peace and the independence, sovereignty and territorial integrity of Vietnam," foreign ministry

spokeswoman Nguyen Phuong Nga said. Vietnam lodged a complaint with the Chinese embassy in Hanoi, charging that the attack "seriously violated Vietnam's sovereignty" and the 1982 UN convention on the law of the sea.

China stridently rejected the accusations. "China's stance on the South China Sea is clear and consistent," foreign affairs ministry spokeswoman Jiang Yu said on Saturday. "We oppose the oil and gas operations conducted by Vietnam, which have undermined China's interests and jurisdictional rights in the South China Sea and violated the consensus both countries have reached on the issue."

Three companies had partnered with PetroVietnam to begin drilling: ExxonMobil, BP and Talisman Energy. When news of PetroVietnam's contracts with the oil firms first emerged in July 2008, China threatened ExxonMobil with "retaliation" should it proceed. ExxonMobil and BP delayed their plans in response to these threats.

2009 saw a dramatic reassertion of US power in the region. In July, Secretary of State Clinton stated that the United States was "back in Asia ... to stay." Speaking at a security summit in Singapore in June 2010, US Defense Secretary Robert Gates, in a statement pointedly directed at China, declared that the United States opposed all attempts to "intimidate" companies operating in the region. The US intervened in ASEAN discussions on the South China Sea, asserting that all disputes should be resolved in a multi-lateral manner, under the mediation of the United States. This was directly opposed to the explicit Chinese policy of bilateral negotiations regarding claims over the sea.

Encouraged by the US intervention, ExxonMobil said it would go ahead with its plans to drill. Talisman Energy, the third largest Canadian oil firm, announced in a presentation at a board meeting in April this year that it also would be drilling in cooperation with PetroVietnam. BP, however, said on its website that it would be selling its share in the drilling project. The Indian firm, Oil and Natural Gas Company (ONGC), is looking to purchase BP's stake in the venture.

The Philippines has also begun exploratory drilling in disputed waters during the past three months. A confrontation occurred in late February between two Chinese military patrol boats and an oil exploration vessel belonging to the British firm Forum Energy, which is owned by the Philippine tycoon Manny Pangilinan. The Philippine Airforce scrambled two fighters in response to the confrontation.

An article on *bloomberg.com* on May 27 quoted former US Pacific Fleet commander James A. Lyons as saying: "The neighbors of China, which has Asia's largest military, were emboldened after the U.S. asserted interest in the waters last year ... With the economic situation in the Philippines and Vietnam, the exploration for oil and gas makes good economic sense. They depend on the United States to provide the overarching security umbrella."

The United States recently sold a blue water Hamilton class cruiser to the Philippines for patrolling the disputed Spratly Islands. The ship is dedicated to "energy exploration security." The private US military contractor Blackwater has begun training Filipinos in the art of energy exploration security—that is, the military protection of oil drilling interests—at the former US Subic Bay naval base.

Vast mineral resources and strategic interests are at stake. The rapid industrialization and transportation growth within China can be sustained only via a substantial increase in energy supplies. China is looking to the oil and gas reserves under the South China Sea for this purpose. It has the largest claim over the sea, a U-shaped zone covering 1.7 million square kilometers, including the Spratly and Paracel archipelagos.

An editorial in the Chinese news daily *Global Times* on April 19, entitled "Oil Bonanza in the South

China Sea," estimated that the disputed waters contained "over 50 billion tons of crude oil and more than 20 trillion cubic meters of natural gas." The editorial stated that the state-owned China National Offshore Oil Corporation (CNOOC) was scheduled to invest \$US30 billion in deep water oil drilling in the South China Sea, in keeping with the initiative set for expanded drilling by the 12th Five Year Plan (2011-2016). The article quoted Zhang Dawei, deputy director in the Ministry of Land and Resources, who stated: "The exploration of offshore oil and natural gas is the key to solving the crude oil predicament China is facing."

CNOOC has contracted with the Canadian oil firm, Husky Energy, to begin drilling in the South China Sea. Husky Energy is owned by Li Kashung, a Hong Kong-based tycoon and the wealthiest East Asian in the world. The contract is for exploration 500 kilometers south of Hainan, in water over 1,500 meters deep. This is the energy company's first deep water venture in the region.

Military purchases, development and deployments have increased sharply. China is preparing for a test launch of its first aircraft carrier this year. Malaysia, Indonesia, Thailand and Vietnam have all boosted their military budgets. Most recently, the United States has developed aircraft carrier-based drones, and emphasized that they will be deployed in the region. Similar in design to the robot aircraft being used to bomb and wreak havoc in Afghanistan and Pakistan, the new X-47b is the first to be capable of being launched from an aircraft carrier. *China Daily* quoted US Vice Admiral Scott Van Buskirk on May 16 stating that the new drones "will play an integral role in our future operations in this region." Van Buskirk is commander of the US 7th Fleet, which is based in Japan.



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