

Tensions escalate over the South China Sea

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Geopolitical and military tensions have heightened sharply over the past four weeks in the South China Sea. China, Taiwan, and the Philippines have each escalated their rhetoric regarding the contested oil-rich Spratly Islands and deployed troops and military equipment to the region.

The Spratly Islands are claimed in whole or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. Two-fifths of global sea traffic travels through the South China Sea. Control of the region is of vital strategic interest to both the United States and China.

In February, Forum Energy concluded a two-year survey of the oil and natural gas resources in the region. Philippine President Benigno Aquino gave approval to the corporation, owned by Philippine billionaire and key political ally, Manny Pangilinan, to begin drilling. On March 2, Chinese patrol boats accosted a vessel belonging to Forum Energy in disputed waters. The Philippine Navy sent two jets to confront the Chinese patrol boats. Relations between the Philippines and China worsened with China's execution of three Filipino drug couriers on March 30.

Aquino transferred 8 billion pesos (\$US183 million) from the Department of Energy to fund the training and permanent deployment of Philippine military personnel to the Spratly islands.

On April 5, the Philippines filed an official protest before the United Nations, contesting China's claim to Spratly Islands and the South China Sea. In particular, Manila protested a map issued by China in May 2009 indicating its u-shaped claim to more than 80 percent of the South China Sea, and referred to as the nine-dash map.

China escalated the dispute, when, on April 14, it sent a letter to the United Nations stating that the Philippines had "invaded and occupied Chinese territory."

On April 19, the Chinese *Global News* daily, published an article entitled "Oil Bonanza in the South China Sea." The article estimated that the disputed waters contained "over 50 billion tons of crude oil and more than 20 trillion cubic meters of natural gas." 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 stated.

China's demand for energy has grown massively with its rapid industrialization and the extraordinary growth in transportation. China's oil importation grew 17.5 percent last year. Fifty-five percent of China's oil supply is now imported. These figures are set to continue to grow dramatically.

The *Global Times* article quoted Zhang Dawei, deputy director in the Ministry of Land and Resources, stating that: "The exploration of offshore oil and natural gas is the key to solving the crude oil predicament China is facing."

Philippine President Aquino travelled to Indonesia and Singapore in March to solicit Association of South East Asian Nations (ASEAN) support for the multilateral development and drilling of the Spratly Islands, excluding two claimants: China and Taiwan.

Chinese Premier Wen Jiabao travelled to Indonesia and Malaysia in the last week of April with a proposal directly opposed to Aquino's. Rather than a multilateral initiative, Wen offered claimants to the islands bilateral negotiations for joint development of the region. In other words, each of the claimants to the South China Sea would negotiate a separate arrangement with China independent of interaction with other powers in the region. The negotiations would also pointedly exclude any participation by the United States.

Vietnamese Prime Minister Nguyen Tan Dung met with Guo Boxiong, vice chairman of the Chinese Central Military Commission, in similar discussions last week and agreed to the bilateral development of jointly-claimed waters.

The Obama administration has adopted a more aggressive stance in the region. At an ASEAN security forum last July, US Secretary of State Hillary Clinton provocatively cut across China's bilateral approach by offering to assist in negotiation over disputed waters in the South China Sea. "The United States has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea," she said.

Aquino's assertion of Philippine claims in the South China Sea has clearly been encouraged by Washington. The Philippines has purchased US naval equipment, including a Hamilton class cutter, for the express purpose of patrolling the Spratly Islands. On April 28 Philippine news channel GMA revealed that the portion of the 8 billion pesos in energy security funds allocated for military training would be given to the notorious US-based military contractor, Blackwater, now renamed Xe.

Blackwater has for the past five years maintained a facility in the Philippines at the former US naval base, Subic, training mercenaries from around the globe for deployment in Afghanistan and Iraq. Blackwater will now be training and supporting Philippine soldiers who will occupy permanent military facilities in disputed international waters. Whether the word "support" includes the active participation of Blackwater personnel in oil drilling security is unclear.

Alarmed by the escalating tensions in the region and fearful for its own claim, Taiwan has also entered the perilous game of military escalation. The Taiwanese Ministry of National Defense approved the transfer of M41A3 Walker Bulldog light tanks, 40mm automatic guns and 120 mortars to the Taiwanese coast guard permanently stationed in the northern section of the Spratly Islands claimed by Taiwan.

Aquino had been scheduled for an official diplomatic visit to China in late May, which would have been his

first. With tensions mounting, he has cancelled his trip and has not yet proposed a new date for travel.

On May 2, China announced that it would be adding 1,000 personnel and 36 vessels to its Marine Surveillance Forces. These forces are directly responsible for patrolling the disputed waters. Any development made by CNOOC in the region would be conducted under their protection.

The mounting military and political tensions between the Philippines and China occur simultaneously with rapidly expanding economic ties. The Philippine Secretary of Finance Cesar Purisima recently completed a trip to China with other economic officials of the Philippine government. They procured promises of massive Chinese investment in Philippine infrastructure. China has displaced the United States as the second largest trading partner of the Philippines. Over the past decade, trade between the United States and the Philippines has steadily declined while Philippine trade with China has grown exponentially.

The sea lanes and oil rich waters of the South China Sea have long been a global flashpoint. The extraordinary economic growth of China and the decline of the United States have resulted in a geopolitical confrontation which is moving the direction of armed conflict. China's dependence on imported oil is a point of painful vulnerability. China thus seeks to drill in disputed waters and is conducting diplomacy and building its military to support its claims in the region.

The US is not a direct claimant in the South China Sea, but it is clearly encouraging its former colony, the Philippines, to be more assertive and indirectly providing military support. Without some measure of US backing, the Aquino administration would be in no position to seek to challenge China's claims in the disputed waters.



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