

## **India's stakes in the South China Sea**

**Dr. Munmun Majumdar**

Associate Prof, Dept of Political Science  
North-Eastern Hill University  
Shillong, Meghalaya

The South China Sea area comprising of islands, rocks and reefs are considered strategic, economic and political assets for the littoral states in the South China Sea because, they can serve as legal base points for states to project their claims of exclusive jurisdiction over waters and resources in the SCS. The sea is believed to be harboring large reserves of oil and natural gas and is in demand for its rich fishing. With the rise in demand for energy resources, the disputes in the area have been further exacerbated. It is a critical navigational waterway in this region which is used from the west of the Indian Ocean to East Asia. The island group and the security of the sea lanes (marine terrorism, piracy, marine ecosystems) has been perceived as important since it is an important shipping lane and ASEAN, India, Taiwan, China, Japan and South Korea are all heavily dependent upon international and extra regional trade-most of which is shipped through the area.<sup>1</sup> As economies develop the SCS is fast becoming the focus of tension. The straits that separate these islands are important not only because restrictions upon passage would seriously disrupt international commerce but also because control over the islands would permit dominance over those routes.

SCS is contested in whole or in part by six littoral parties: China, Taiwan, Vietnam, Philippines, Malaysia and Brunei. (The China and Taiwan claims are in fact a single claim) with each one seeking to give real effect to its sovereign and jurisdictional claims. The claims made by the parties can be separated into historical, claims of discovery and occupation and claims that rest on the extension of sovereign jurisdiction under interpretation of the provisions of the United Nations Convention on the Law of the Sea (UNCLOS).<sup>2</sup>

Although the assertions of sovereignty, rivalry over maritime resources, nationalism and attempts to consolidate jurisdictional and legal claims have been long standing issues where actions by one claimant or another has drawn reaction from others, it is China's assertive actions backed by modern maritime enforcement capabilities that are proving to be a cause for concern. As such, China receives the greatest attention because it is by far the most powerful claimant and has the record of using force to pursue its territorial claims. China's economic engine is becoming more dependent on imported energy, and recent Chinese moves suggest safeguarding its energy sources near and far has become an unstated "core issue". As defined by the Chinese officially, core issues are those that must be protected and secured by any means including military measures. China has been relentlessly increasing its capacity to exercise control over the Sea by strengthening its capacity and capability to establish its increasing maritime domain (MDA) and its emergence as Asia's pre-eminent naval power. All this goes in making China a potential game changer in the context of the territorial disputes that leaves the other claimants, who cannot match PLAN's increasing might, at an unenviable situation.

---

<sup>1</sup> Lee G. Cordner, "Regional Resilience: The Imperative for Maritime Security Cooperation in Southeast Asia", **Naval War College Review** (Spring 1994): p.42-45.

<sup>2</sup> The 1982 UN Convention on the Law of the Sea created a number of guidelines concerning the status of islands, the continental shelf, enclosed seas, and territorial limits. Three of the most relevant to the South China Sea are:

**Article 3**, which establishes that "every state has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles";

**Articles 55 - 75** define the concept of an Exclusive Economic Zone (EEZ), which is an area up to 200 nautical miles beyond and adjacent to the territorial sea. The EEZ gives coastal states "sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to" (above) "the seabed and of the seabed and its subsoil..."

**Article 121**, which states that rocks that cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.

These moves taken by Beijing also indicate its growing aggressiveness and unilateralism, which clearly go against the spirit of the 2002 DOC (Declaration of Conduct of parties), a multilateral political document agreed upon by the ASEAN and China that calls for resolution of 'territorial and jurisdictional disputes by peaceful means, without resorting to the threat of force.'<sup>3</sup>

All of these developments have spilled over impacting India's interest that poses a severe challenge. Indian involvement in the SCS could have implications on other territorial disputes. China's assertiveness is not good news for the region and especially troubling for India more so since India has unsettled borders with China. As such India cannot afford to simply sit and watch such a situation grow.<sup>4</sup>



### India and the South China Sea

Although India is a non claimant to the SCS Island it is concerned with the developments in the SCS. Even though the SCS area may seem far from the Indian mainland but in actual terms it is not so when one considers the Andaman and Nicobar Islands. It is also important to note that India's trade with Japan and South Korea has been growing and hence, it is crucial that freedom of navigation is maintained in the South China Sea through which the trading routes between India and these East Asian countries pass. India's sea bound trade that passes through Indian Ocean constitutes 92-95 per cent of its total trade and, there are estimates that nearly 25 per cent (and growing) of this sea bound trade passes through South China Sea. India like China is also energy deficit country and is stretching its resources all over the world to access hydrocarbons in what ever form and quantity available. India's oil and gas exploration and extractions in Myanmar and Vietnam need to be understood in this respect. Therefore, there is no way that India would retreat from South China Sea just because China or any other country has taken an exception to its economic and naval activities in this region.

Meanwhile, India-ASEAN trade has reached US\$ 57.89 billion in 2010-11. Any major conflict in the South China Sea region is bound to impact Indian economic interests. India is concerned that should an armed conflict break out, the SLOC would be disrupted, which India cannot allow it to happen. Besides, India is worried that if China controls this sea space it will dictate maritime traffic, both civilian and military. Therefore, its priority is to maintain freedom of navigation in the sea both merchant and naval ships. India is of the opinion that the SCS region was a key to its energy security, and that the conflict must be resolved peacefully as per international laws. India has in the recent past increased its activities in that area.

<sup>3</sup> See ASEAN Secretariat **The Declaration on the Conduct of Parties in the South China Sea**, 2002. <http://www.aseansec.org/13165>.

<sup>4</sup> See "Having It both Ways", *The Economist*, 9 May 2012, available at <http://www.economist.com/blogs/banyan/2012/03/south-china-sea> and Clive Schofield, Ian Storey, *The South China Sea Dispute: Increasing Stakes and Rising Tensions*, 2009, Washington DC: The Jamestown Foundation pp.12-19.

Apart from growing defence ties with Vietnam, India and Japan are building up their own defence relationship.<sup>5</sup> A security interest opposite China is also leading India to a strategic engagement with ASEAN states. However, India will have to be more proactive to take the lead and evolve proactive policies to influence regional developments in its favor instead of adopting a policy which is more often than not reactive to the China's actions.

Second, India would like to have a voice in a major regional security issue that would confer prestige commensurate with its power status. India is poised to play a greater role in the region, thanks to the growing strength of its Navy. It is expected to take delivery of the refitted aircraft carrier, the Admiral Gorshkov by next year from Russia while work goes on apace on the indigenous Air Defence Ship (scheduled for completion by 2015.) Meanwhile, India has started the construction of its first indigenous nuclear submarine in 2009 and has plans to induct a third aircraft carrier by 2017. The Indian Navy has inducted into service the nuclear-powered attack submarine INS Chakra, brought on a 10-year lease from Russia.

India's involvement in the exploration of oil and gas in the region through joint ventures with a claimant state Vietnam has been a subject of great discussion owing to Vietnam China spat in the area. China raised objection to India's oil exploration in the Vietnamese claimed area of the South China Sea at two levels. Without naming India the Chinese Foreign Ministry Spokesperson said that China hoped that foreign countries will not get involved in the dispute and that they will respect and support countries in the region to solve the dispute through bilateral channels.<sup>6</sup> The Global Times commented strongly describing India's deal with Vietnam as a serious political provocation and calling upon China to use every possible means to stop this.<sup>7</sup> The People's Daily cautioned saying "it was not worthwhile for Vietnam and India to damage the greater interests of peace, stability and economic development between China and Vietnam, China and India, and in the whole region, for the sake of small interests in the SCS."<sup>8</sup>

The External Affairs Spokesperson while speaking of the Indian official position said that cooperation with Vietnam or any other country is always as per international laws, norms and conventions. India's Foreign Minister S. M Krishna, who was attending the 14<sup>th</sup> India-Vietnam Joint Commission Meeting reiterated that India's public sector company, the OVL (ONGC Videsh Limited), will go ahead with oil and gas exploration in Vietnam's off shore blocks being disputed by China as part of its Exclusive Economic Zone (EEZ). Indian news paper reports<sup>9</sup> on Krishna's talks in Vietnam said that the two sides (India and Vietnam) agreed during the discussions that there is no question of violating any International Law in going ahead with the exploratory work. The meetings on 16 September 2011 have paved the way for expansion of the ONGC Videsh's oil and gas exploration work."<sup>10</sup> The Foreign Ministers statement and the official recations that were generated subsequently highlights that India's involvement in the oil exploration was well within Vietnam's EEZ and in accordance with the 1982 UN Convention on the Law of the Sea or UNCLOS. External affairs Minister S.M. Krishna reacting to the Chinese concern over India's cooperation with Vietnam in the disputed SCS said, "India's position is very clear that these are all international waterways to increase trade among nations, and hence we will have to look at it from that angle." "We have to strengthen that angle. India is ready to do that with other countries so that relations will get a boost through these waterways." India has in the recent past increased its activities in that area. Apart from growing defence ties with Vietnam, India and Japan are building up their own defence relationship.<sup>11</sup> Security interests opposite China are also leading the two countries to more strategic engagement with ASEAN states.

---

<sup>5</sup> Times of India 7 September 2012.

<sup>6</sup> See M.K. Bhadrakumar, Asia Times 17 September 2011.

<sup>7</sup> Global times 16 September 2011.

<sup>8</sup> See Wall Street Journal commentary by Tom Wright (New Delhi) on "India faces Standoff with China on Sea Oil", 23 September 2011. See for the hardline approach "Time to teach those around South China Sea a lesson", [http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20News Articles/Print.as](http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20News%20Articles/Print.as)

<sup>9</sup> See Sheela Bhatta, "India-China relations are very complex and very sensitive", <http://www.rediff.com/news/report/india-china-relations-are-verycomplex-and-very-senstive/20111005.htm>

<sup>10</sup> The Times of India, New Delhi, 17 September 2011.

<sup>11</sup> 7-September-2012 Times Of India.

Opinion however has been divided in India as to whether India should go ahead with oil exploration in the area.<sup>12</sup> Among those who caution such a move are the former Navy Chief Arun Prakash<sup>13</sup> and Former intelligence officer (RAW, Research and Analysis Wing) B.Raman<sup>14</sup> who caution because India may not have the military capabilities to protect OVL's exploration activity if China were to take any disruptive action.

A clear understanding of India's position on the South China Sea will have to be seen in perspective. The relations between India and Vietnam predate any conflict between India and China as also between China and Vietnam.<sup>15</sup> India and Vietnam have consistently moved forward in the strategic cooperation. The visits of Indian naval ships to Vietnam also date back to 2001, following Indian Defence Minister George Fernandes's visit to Vietnam. Since then Indian ships have been regularly visiting the Vietnamese shores.<sup>16</sup>

The ONGC Videsh Limited's (OVL) presence in Vietnam is not a recent phenomenon. India's exploration in Vietnam started as early as 1988 in association with the then Soviet union. With the discovery of attractive potential of hydrocarbon deposits in Vietnam's territorial waters and EEZ, Vietnam had opened its oil and gas sectors widely to the foreign companies in 1990. In 1992 India's ONGC joined a joint venture with Petro-Vietnam, the Burma Petroleum of the UK and DNSO (Stat Oil) of Norway. In 2001 India's oil fields in Vietnam were its largest overseas possessions in the energy sector. The ONGC held 45% shares in its joint venture with Petro-Vietnam and the United Kingdom's BP (British Petroleum) group. In November 2002, gas started flowing from the ONGC's joint venture at the Nam Con Son basin in Vietnam.<sup>17</sup> Due to lack of facility in India to refine the crude oil received from Vietnam, India sold this oil in the international market.<sup>18</sup>

Its first joint-venture for offshore oil and natural gas exploration in Vietnam's Lan Tay field along with Petro Vietnam and BP became functional in 2003. The OVL of India had signed a production sharing contract with Petro-Vietnam in May 2006. This energy cooperation between the two countries have been strengthened over time. China has been periodically taking exception to any international oil and gas exploration in Vietnam's EEZ in South China Sea, including India.

China also appeared to be taking strong action against unilateral oil exploration activities when it prevented international oil companies BP and Exxonmobil from exploring in Vietnam-claimed areas, reportedly warning them that doing so would affect their own projects in China.<sup>19</sup> China had offered a reluctant Vietnam to enter into a joint development of the resources in the disputed SCS islands. In 1994, the then Vietnamese Vice Foreign Minister, Vu Khoan reacting to the China's offer of joint development said: "The problem is which sea area we are going to develop jointly... China's intention in proposing the joint development of the Spratly Islands is an attempt to justify its presence in Vietnam's territorial waters under the name of joint development. Would you accept an invitation to dinner from a person who was trying to steal a US\$100 bill from your pocket..."<sup>20</sup>

Vietnam's refusal to enter into joint exploration with China has irked China considerably and it has taken recourse to force in asserting its claims. Several incidence of armed confrontation with China has taken place at sea with Vietnam.

<sup>12</sup> See Binod Singh, "About supremacy, not Sea", Sunday Times of India, New Delhi, 25 September 2011. Also Harsh V. Pant, "India's Look East Policy: It can help counter Chinese assertiveness", The tribune 24 September 2011.

<sup>13</sup> See Arun Prakash "Where are our ships bound", The Indian Express, New Delhi, 2 October 2011.

<sup>14</sup> See B. Raman, "South China Sea: India Should Avoid Rushing in Where Even US Exercises Caution", South Asia Analysis Group, paper No. 4702, 17 September 2011.

<sup>15</sup> See S.D. Muni, The Turbulent South-China Sea Waters: India, Vietnam and China, ISAS Insights No.140-11 October 2011.

<sup>16</sup> See Annual reports (2005-2009), Ministry of External affairs, New Delhi.

<sup>17</sup> Annual Report 2002-2003, Ministry of External Affairs, New Delhi, 2007, p.34.

<sup>18</sup> "India-Vietnam Relations", A Note prepared by the Ministry of External Affairs, Government of India, March 2002, as quoted in S.D. Muni and Grojesh Pant, India's Energy Security: Prospects of Cooperation with Extended Neighborhood, Rupa & Co New Delhi 2005, Chapter 3 Section 4.

<sup>19</sup> See Aileen san Pablo-Baviera "China and the South China Sea: Time for a code of conduct?", RSIS Commentary 91/2011.

<sup>20</sup> As quoted in S.D. Muni, China's Strategic Engagement with the New ASEAN, IDSS Monograph No.2, Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore, 2002, p.68.

The standoff in the region had intensified when China's state-owned oil firm China National Offshore Corporation (CNOOC) called for bids from foreign companies offering exploration of oil in nine blocks in the South China Sea, which Vietnam also claims sparking off protest in Hanoi.

The agreement signed during the India-visit of Vietnamese President Truong Tan Sang, in October 2011, included an accord to promote investments, exploration, refining, transportation and supply of oil and gas in Vietnamese waters of the South China Sea. A deal for oil exploration was signed between India's state owned oil and Natural Gas Corporation (ONGC) Videsh Ltd (OVL) and Vietnam's Oil and Gas Group, Petro Vietnam. The agreement shall be in a framework coming into force for three areas. The agreement says the two nations will cooperate on "various fronts in the oil and gas sectors-in upstream activities, in refining, in gas processing in Vietnam... in India and in third countries...as part of ongoing cooperation with Vietnam... We have presence in two blocks-128 and 6.1..."<sup>21</sup> India's state runs Oil and Natural Gas Corporation (ONGC) signed a deal with Vietnam's Petro Vietnam to purchase BP's stakes in oil and gas development in waters off the Vietnamese coast. The block has been at the centre of much diplomatic bad blood among China, Vietnam and India that included demarches, summons and affirmations of sovereignty over the same patch of sea.

The joint communiqué issued at the end of the visit of the Chinese defence minister General Liang Guanglie to India, the first such visit since 1976 said the two sides had agreed to cooperate in the Asia-Pacific region and agreed to "work together to maintain peace and stability of the Asia-Pacific region." The consensus reached was the first clear indication that India has a role to play in the strategically important Asia-Pacific region. Until recently New Delhi wasn't considered to be a power to contend with. If India and China can at least agree to work in the Asia-Pacific region, it could mean an opening for New Delhi in the South China Sea, where Indian oil companies are prospecting for energy off Vietnam.

While China protests the deal as violating its sovereignty, ONGC and Petro Vietnam claim the area in question is within Vietnamese territorial waters. For all the objections being raised on account of sovereignty over the SCS, Vietnamese President Sang asserted, "...all disputes in the Eastern Sea (SCS) should be settled through peaceful negotiations on the basis of respect for international laws, including the 1982 UN Convention on the Law of the Seas." It needs to be noted that according to the 1982 United Nations Convention on the Law of the Sea, "... Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention."<sup>22</sup> India remained unfazed by Chinese objection and went ahead and inked an agreement with Vietnam to promote oil exploration in the SCS. Vietnam and India have rejected the claims made by China on the SCS. At the strategic level, it has been markedly evident that India's growing affinity with Vietnam is expected to be interrupted in a multifarious manner in the region. In a sense, India's relations with regional players like Vietnam are being viewed through the prism of tensions floating in the disputed waters of the SCS.

The Indian Vietnamese ties were further strengthened when the Vietnamese President Truong Tan Sang met Indian Prime Minister Manmohan Singh in New Delhi, with both sides pledging to maintain peace and security in the South China Sea while expanding the contents of their partnership. India's growing engagement with Vietnam, and by extension in the South China Sea, can be seen as a logical expansion of its Look East Policy (LEP). This could not have gone unnoticed by China, when it entered into a joint communiqué with India at the end of General Liang Guanglie to India wherein the two sides have agreed to cooperate in the Asia Pacific region. Yet China chose to remain silent on this. However, for India, how to manage China and mould its behavior would be its biggest challenge. Many in India argue that given the high stakes that China and India have in each other's economies, and the fact that the two countries cooperate on issues ranging from climate change to sea bed research, are enough reasons to reduce the likelihood of conflict between the two. But as developments in SCS exemplify, economic interdependence has never been an antidote to conflict. And to a large extent it is true that economic ties that lack support of strategic partnership tend to be less stable and even volatile, as is apparent from India's economic relationships with China. Alternatively, China and India can make a close strategic collaboration to lead the way towards freedom, prosperity and stability in the Indo-Pacific region.

---

<sup>21</sup> Statement by the managing director of the ONGC Videsh Ltd while signing the pact with the counterpart of Petro Vietnam, Phung Dinh Thu; cited in, Elizabeth Roche, "India, Vietnam Sign Deal to deepen Energy Cooperation," *The Wall Street Journal*, 12 October 2011.

<sup>22</sup> Statement by Indian PM Manmohan Singh, cited in *The Hindu*, October 12, 2011.

The Indian ship INS Airavat was cautioned by China through a radio message that the Indian Ship was in China's territorial waters when it was paying a friendship visit to Vietnam. While the Chinese Foreign office claimed the area and said that it was looking for information through competent authorities, India said that there was no confrontation. At the same time it made it clear that India "supports freedom of navigation in international waters including South China Sea... in accordance with the accepted international law... to be respected by all."<sup>23</sup>

Again China's action in reaction to the 4 Indian Navy ships, including the indigenously built stealth frigate "shivalik" (F-47), left Philippines en route to South Korea, a Chinese Navy frigate said: "Welcome to the SCS, Foxtrot-47" and stayed alongside the Indian ships for few hours. Escorting the Indian ship through what India views as international waters underscores for officials how Beijing increasingly views one of the world's most important waterways. This development clearly indicates that tensions are unlikely to dissipate as China strives to recover sovereignty over these islands. Furthermore the Chinese standoff with Philippines at the Scarborough Shoal and the run-ins with Vietnamese vessels, have emerged as new challenges with competing interests over a crucial international waterway.

With Indian naval ships making ports of call in Vietnam and the Philippines-the two countries with which China has had recent strains- the Vice Admiral stressed that India's "relationships are not at the cost of anybody else" and that there were no "specific reasons" for the port calls. India supported "freedom of navigation in all waters in the seven seas," he said, and believed bilateral issues between nations "should be resolved peacefully as per international law and international maritime law."<sup>24</sup> What is more discomfiting is the Chinese behavior in the area and the speculation of what if ships, persons and properties of India and the other neighboring states, foreign companies engaged in resource exploration, and even commercial ships become targets of intimidation? These apprehensions become strong in the face of China's disparity between its oft-stated pledge to uphold freedom of sea lanes and deeds. Therefore, ensuring the freedom of navigation through the South China Sea is the top priority for India together with protecting Indian commercial interests in countries like Vietnam. India will take the China factor into account considering its global and regional presence. And as the Indian Maritime Doctrine suggested in 2007, events in the South China Sea have a bearing on the Indian Ocean region.

It is therefore, in India and ASEAN's mutual interests to pool their efforts to ensure the freedom of navigation in this very important stretch of water, while keeping the channels of communication open with China for the peaceful resolution of all outstanding disputes. The almost-universal acknowledgement of the United Nations Convention on the Law of the Sea (UNCLOS) as international law and the upward trajectory of Indo-ASEAN relations can set a precedent for the peaceful and non-military resolution of future disputes by reinforcing the role of non-littoral states in the South China Sea. Yet, energy disputes such as this one reflect the disjointed state of the South China Sea dispute. While regional peace and stability may be the cited goal of both India and China, the shadow of intolerance that China casts over energy diplomacy will continue to define the potential paths to conflict resolution in the South China Sea. China's interest as well as the interests of India and other states will need to be addressed through dialogue and negotiation. Till then India will have to remain vigilant in order to safeguard its national interest.

---

<sup>23</sup> Statement by MEA Spokesman, as quoted in S.D. Muni, "India-China Spat in South China Sea," <http://blog.nus.edu.sg/southasiansoundings/category/authors-s-s-d-muni/> (16 September 2011)

<sup>24</sup> Quoted in The Hindu, 14 June 2012