

Some regional realities

By Bunn Nagara



To fully understand South-East Asia requires patience, empathy and experience of its many puzzling peculiarities – which makes doing so that much more important.

BEFORE the current US-China “trade war” there was the mutual escalation of tensions between the US and China on this region’s high seas. However, today’s heated trade dispute has not replaced the maritime tensions but supplemented them. These fraught relations at sea have lately been sliding further.

The tensions are real and growing, with one reason being the misplaced publicity of multiple reports of the escalation. Western media in particular do a good job of reporting on developments, but not when dramatisation displaces truthfulness and sensationalism takes priority over accuracy.

Much of the actual tension in this region’s strategic waterways operates on a reciprocal, tit-for-tat actions in the South China Sea and surrounding waters.

Provoked in part by Obama’s military beef-up in his “pivot” or “rebalancing” policy in this region, China fortified its naval assets in response. Then the US navy or air force would venture into disputed waters or airspace claimed by China in the interest of “freedom of navigation operations” (fonops). China would then respond with more hardnosed policy and military hardware.

Officially, fonops has been part of US policy since 1979, but only lately has it become controversial and heated. In 2012 a US naval vessel sailed into the South China Sea and coasted disputed territory claimed by China.

The following year the USS Curtis Wilbur made its foray into the Philippines Sea as well, but much of the contention has been in the South China Sea and around the Spratly Islands in particular.

By 2015, China had stepped up construction on some features of the Spratlys that it occupies. In October that year the USS Lassen sailed close to Subi Reef that China occupied, with US officials declaring there would be more of such actions.

That provoked immediate protests from Beijing, with an editorial in the state-aligned press stating that China was “not afraid” of war with the US. The Obama and Trump administrations have (so far) conducted some half-dozen fonops each, with half of these near the disputed Spratly Islands. Things have escalated further in recent months.

In April, US intelligence sources complained that China was installing its first sophisticated missiles in three Spratlys reefs it occupied: the YJ-12B anti-ship Cruise missiles and the HQ-9B anti-air missiles against aircraft, drones and incoming missiles.

Yet with so much attention consistently focused on military manoeuvres by the US and China, much else that is happening – including developments in the region's seas – is obscured.

The reality on the ground, or rather in the waters, is much more complex and textured. And far from detracting from geopolitical implications in the region, this reality shows these implications to be that much deeper.

China's state-owned enterprises (SOEs) are taking an increasingly prominent role in the South China Sea. Not only is there growing militarisation in the area but also rising commercialisation supported by the government.

A study published this month by Singapore's Institute of South-East Asian Studies (ISEAS) shows how Chinese SOEs are making great strides in various industries. These range from fisheries and telecommunications to oil and gas to construction and tourism, even in bitterly disputed zones.

China Travel Service Group is one such company. Another is China Communications Construction Corporation (CCCC).

With its subsidiaries, CCCC is making the most of today's South China Sea opportunities, including manufacture of dredging equipment for China's controversial land reclamation and island construction projects.

Yet another company is China National Offshore Oil Corporation (CNOOC), which has had commercial designs on the South China Sea for a decade now. The oil- and gas-rich area is just about perfect for CNOOC's exploitation plans.

Unlike some of these companies, CNOOC is not shy about media publicity. It is even courting prospective foreign partnerships and investments openly. In legal terms, such tie-ups with foreign players would help legitimate China's South China Sea claims internationally. They may also help co-opt and neutralise rival foreign interests within the region.

These Chinese SOEs enjoy a considerable edge over their foreign counterparts because of their scale, resources, full support from their government – and the presence of their military component in the South China Sea. It is a unique edge with unmatched appeal. Foreign players may now “come along quietly” and help China shore up its controversial claims, or they can be left out of the spoils altogether.

Clearly, the disputed claims in the South China Sea are not simply about the movement and placement of military hardware. For as long as the US as countervailing force remains stuck in this narrow mode, it can never “rebalance” effectively against China's epochal outreach.

Neither can the US – not even as sole superpower – properly understand the approach taken by countries in the region in their response to China's initiatives.

There was President Rodrigo Duterte's U-turn on China, right after the Philippines had won the tribunal decision from the Permanent Court of Arbitration (PCA) against China's assertions in the South China Sea.

It was baffling, even bizarre, or so it seemed. But the realities are clear enough to any pragmatist who lives in the region, as opposed to one who is only sailing through.

The PCA-issued award had already done its job, clarified UNCLOS provisions in practical terms, and demonstrated the merits of the Philippines' case. It could go no further since it was unenforceable.

It was now time to “make nice” to China since the Philippines still needed valuable foreign investment and assistance. And China still has the deepest pockets.

Early this month, the naval forces of Asean member nations and China held their first computer-simulated drills for joint responses to emergencies and mutual confidence building.

The two-day exercises were at Changi Naval Base in Singapore, the current Asean chair. The occasion came after the US “disinvited” China from this year’s Rim of the Pacific military exercise in Hawaii in May because of China’s alleged militarisation of the South China Sea.

Nonetheless, the Changi drill was only a prelude to larger scale exercises between Asean and Chinese naval forces at sea, scheduled for October in China. At the same time, a Code of Conduct (CoC) for regional states to avoid accidents, miscalculations and aggression in the South China Sea is being negotiated. Agreement was reached on Aug 2 on an initial draft.

Do US fonops actually deter, or do they provoke China’s assertiveness in the South China Sea? The jury is still out on that.

Do Asean-style engagement and inclusiveness help to build bridges, understanding and cooperation? A budding CoC seems to indicate the affirmative.

There will be more joint exercises and more opportunities for fruitful exchanges. Countries in Asia have long learned to appreciate a working pragmatism.

Besides, as modestly endowed countries in Asia they are geographically stuck in the region and cannot simply remove themselves at will. So they have honed their skills at working with whatever they have and whoever they have.

In contrast, if they were located far from this region they would have the option of engaging or disengaging with a country such as China. And if they were major powers they may have the luxury of changing their minds about engagement on a whim.

But Asean nations have learned to make a virtue of realism.

Bunn Nagara is a Senior Fellow at the Institute of Strategic and International Studies, Malaysia