

## 2 CHAPTER

## *Issues Related to China*

*After reading the chapter, the reader will be able to develop an analytical understanding on the following:*

- China's One Belt, One Road Initiative
- China-Pakistan axis
- China-Pakistan economic corridor
- South China Sea dispute
- String of Pearls

### **INTRODUCTION**

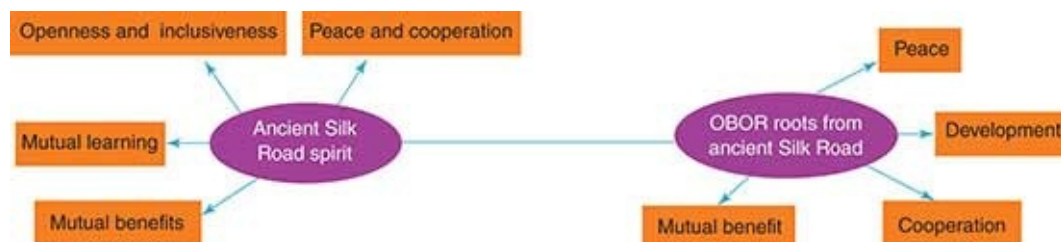
In this chapter we shall catch a glimpse of One Belt, One Road Initiative and the China–Pakistan Economic Corridor. We shall also look at the South China Sea issue and the recent verdict related to Philippines and China.

### **ONE BELT, ONE ROAD INITIATIVE**

The economy of the world is witnessing a profound change in the present times. The unfolding international financial crises have created a dent on the global economy. As China emerges as a strong player in this new unfolding global system, it has launched a new initiative called One Belt and One Road (henceforth referred to as OBOR) Initiative. It has just taken China a period of 40 years to transform itself from an agricultural economy to the manufacturing powerhouse of the world. It has followed a unique model of producing commodities at home and exporting the commodities to developed global markets. However, the Chinese economy, in recent times, has witnessed a slowdown in growth which has led the Chinese government to look for new avenues of growth within its developing neighbours who are witnessing a growing demand. The aim of the OBOR project is to create an economic land belt and a maritime link to redirect Chinese capital to develop infrastructure and trade capacity of ASEAN, Europe, Central Asia, Europe and Africa. The idea of the Silk Road has been taken from the old Silk Road built by the Han Dynasty, connecting Xian to the Roman Empire. In this mega trade network, the Chinese used to trade in silk, which inspired the German geographer named Ferdinand von Richthofentoco in the term, 'Silk Road' in the 19th century. The network built by Han dynasty reached its zenith during the Tang Dynasty when it emerged as a colossal network of lucrative trade and cultural exchange between China, India, Arabia, Persia, Rome and other Mediterranean nations.

During the Mongol and Yuan dynasty regimes in India and China, rule as the political powers fragmented, the Silk Road declined in its significance. With the rise of Ottoman Empire in 1453, the shipping route for silk also ceased to exist. Now, as China has achieved global resurgence, we see the revival of the ancient Silk Road in the 21st century

in the form of OBOR. As China knows that its own domestic development is connected to the development of Asia and beyond, it is now undertaking a mega initiative to establish infrastructure in the neighbourhood to give effect to the OBOR. China's ultimate goal is to use OBOR to establish connect from China to Latin America, Africa, Europe, Central Asia, South East Asia and East Asia. The entire plan is based on the core spirit of the ancient Silk Route.



The concept of the OBOR is based on certain principles where the broad aim is to establish a multi-dimensional and multi-tiered connectivity to tap the market potential of the region's leading countries to aggressively undertake job creation and promotion of consumption. The more important thing is that the OBOR has a very strong cultural agenda to enhance people-to-people contacts, trust and understanding to promote harmony, peace and prosperity. Not only does the OBOR rest upon mutual non-interference in each other's internal affairs, but also respect for the diverse development path adopted by a participating nation without any intention to change it. China does not want the initiative to be restricted to old Silk Road nations but rather proposes a global outreach for all to participate, as the basis of the Silk Road is to garner and channelise the market forces of demand and supply.

China has a plan to involve more than 60 countries in the project and also plans to negotiate Free Trade Agreement with all of them along the entire OBOR. Some studies done by the Asian Development Bank suggests that China would require around 8 trillion dollars' worth of investment for creating the needed infrastructure. China has created three financial institutions to support the OBOR. In February, 2014, China launched a 40-billion-dollar silk road infrastructure fund, to be managed on the lines of China's sovereign wealth fund. In October, 2014, the Asian Infrastructure Investment Bank was established as a global developmental bank for 21 Asian Nations, ranging from India to Laos to Oman to Uzbekistan, with a registered capital of 100 billion dollars. In July, 2014, with a seed capital of 50 billion dollars, a new development bank was launched by BRICS nations.



China has conceptualised the OBOR based on two mega initiatives, both of which, once complete, would impact around four billion people in the world from Asia, Europe

and Africa.



The OBOR is designed in a way that it will also impact the domestic economy of China. China today has achieved an overcapacity in steel, cement and aluminium industry and would like to undertake exports to further stimulate its domestic economy. To do so, China has divided its domestic territory into five different regions. In each identified region, China will build infrastructure and use that infrastructure to establish a connect with countries in the neighbourhood. China intends to fully leverage its domestic territories to proactively link to neighbouring areas.

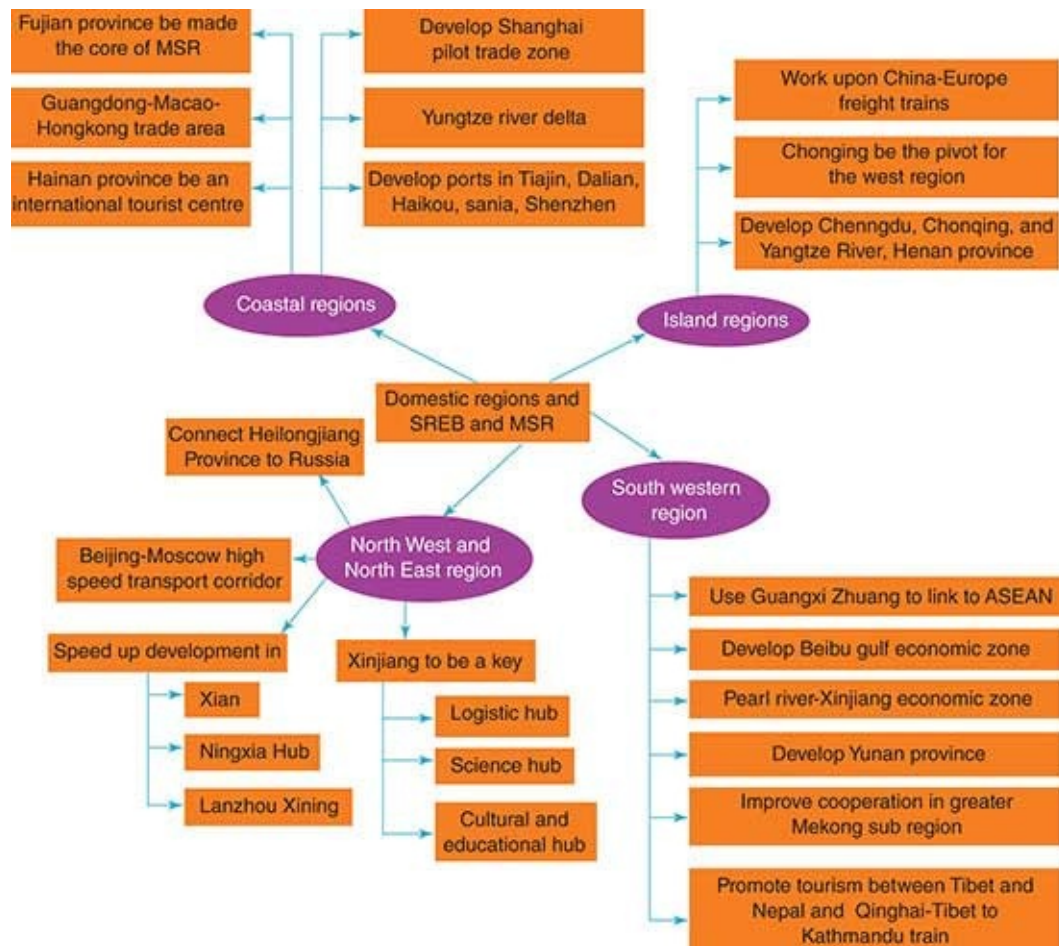


## **Is One Belt, One Road the Chinese Ashwamedha? How China's Mythology Influences its Politics**

As Western hegemony wanes in the global village, China envisioned the One Belt, One Road (OBOR) project.

At the heart of Chinese mythology is belief in the Mandate of Heaven. The Emperor of China has been given the divine authority to mirror heavenly order on earth. If the emperor fails to do so, he can be replaced. A successful revolution marks the shifting of this mandate from one king to another.

Although communism sees itself as rational, and so anti-religion and anti-mythology, the communist revolution under Mao Zedong effectively marked the shift in the Mandate of Heaven from the old order to the new. The rise of China into an economic powerhouse under Deng Xiaoping also indicates yet another shift in the Mandate of Heaven. The current leadership in China is now expanding its Pax Sinica.



Geography plays a key role in Chinese mythology. At the centre is the Forbidden City (Beijing) around which is China and around which is the peripheral nations who look towards China for guidance to create heavenly order on earth. Beyond are the lands of chaos, whose people are best kept out using projects such as the Great Wall of China.

By contrast, time (*kala*) plays a key role in Hindu mythology. Buddhism, Jainism and Hinduism speak of a world that has no beginning (*anadi*), no end (*ananta*) and is always impermanent (*anitya*). Indian mythologies speak of great universal emperors (*chakra-varti*) but these are more conceptual than historical. India thrives in dynamic diversity, with multiple kingdoms that rise and fall from Mauryas to Guptas to Vakatakas to Rashtrakutas to Kadambas to Gangas to Pallavas to Pandyas to Cholas to Nayakas to Mughals to British.

There is no Beijing equivalent in Hindu mythology, though Delhi is often projected as such in post-Independence textbooks. India, known in Buddhist, Jain and Hindu texts as Jambu-dvipa or Bharata-varsha or Arya-varta, is bound not by politics but by religion; it has been united not by empires but by pilgrim routes, an idea that perplexes modern historians who try very hard to prove India is a creation of the British.

In Chinese mythology, there is authority and bureaucracy in heaven too. The gods enable the living to be successful, and successful mortals such as emperors, military commanders and noblemen take the position of immortal gods. The highly formal, hierarchical and socially-responsible Confucianism, with its great regard for authority, is balanced by the more mystical and occult Taoism, that speaks of



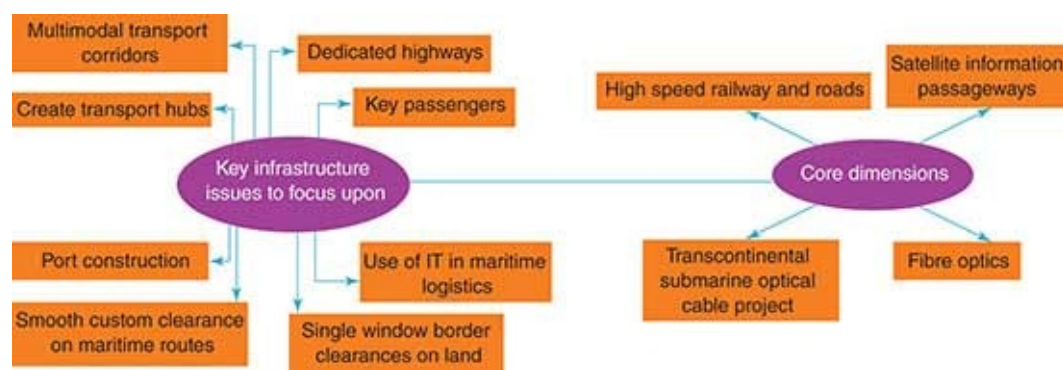
harmony and flow.

Essentially, the tone is highly materialistic and worldly in contrast to the other worldly nature of Indian mythologies, where the psychological matters more than the physical. Jain, Buddhist and Hindu mythologies place great value on yoga, the un-crumpling of the mind crumpled by hunger and fear.

In Chinese worldview, India is seen in two ways. Firstly, it embodies luan, chaos. This chaos threatens the Chinese sense of order. This makes India a perpetual threat. It makes the Chinese leadership nervous. Secondly, India is Sukhavati, the Western Paradise in Chinese Buddhism, source of great spiritual wisdom. It speaks about transcending materialism to be free of suffering, an idea that invalidates the promise of the material philosophies, be it communism or capitalism.

Until the arrival of the Europeans, Buddhism was the only foreign idea that has had a dramatic impact on Chinese history. Since then, China watches with trepidation the rising tide of Christian evangelism in South Korea and Singapore, and Islam on its Western borders, and the hurricane of technology coming from the West. The Chinese way is eroding, unless the Emperor takes charge. Hence, OBOR.

For the OBOR to succeed, China has decided to cooperate upon some core priority areas with participating states. At an initial level, China envisages policy coordination to be undertaken through multi-level intergovernmental macro policy exchange and communication mechanisms. The second priority is to strengthen sub regional and border infrastructure, with a strong focus on promoting a green and low carbon infrastructure creation. At the infrastructural level, there are priority areas.



At the soft policy level, China intends to use OBOR to connect to people of different nations through scholar exchanges, tourism, films, cultural years, art festivals, TV programmes, and so on. Another core dimension is health based cooperation where the aim is to collaborate to address public health energies, with expanded cooperation in the idea of traditional medicine. There is also renewed emphasis upon youth employment, entrepreneurship training and skill development to accelerate regional and multilateral integration under which various cooperative mechanisms are to be used.



China has identified the China–Pakistan Economic Corridor (CPEC) and Bangladesh–China–India–Myanmar (BCIM-EC) economic corridor as key initiatives broadly associated with OBOR. At the maritime level, China is to use the South China Sea to connect to the Indian Ocean on one side and South Pacific on the other side. The Indian Ocean route is to take China all the way to the African Coast and through the Suez Canal into the Mediterranean, all the way to Europe. Thus, through the OBOR, China intends to integrate and globalise its economy strategically through overland and maritime components.

## **CHINA–PAKISTAN ECONOMIC CORRIDOR**

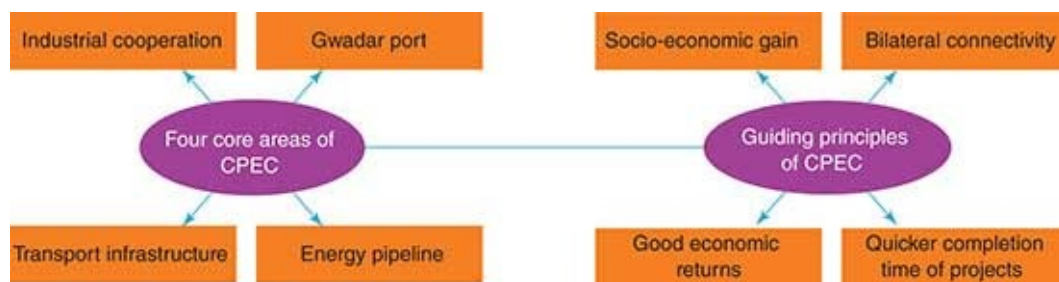
### **China–Pakistan Geopolitical Axis and CPEC**

The China–Pakistan relations, over a period of time, have evolved to the extent that some scholars aptly call Pakistan China's Israel. The relations have deepened to the extent that China has been willing to supply nuclear materials to Pakistan. Pakistan has acted as a bridge for the US and China during the Cold War and a frontline state for the US to contain Soviets in last stages of the same. Today, China clearly believes that Pakistan has a core part to play in its transition to a global power as it lies at the heart of China's plan for ports and railways for oil and gas. As China engages more with the Islamic world for resources, the more it would need Pakistan to counter the influence of rising Islamic extremism so that it brings stability in the western periphery of China and also in its Islam dominated domestic provinces like Xinjiang.

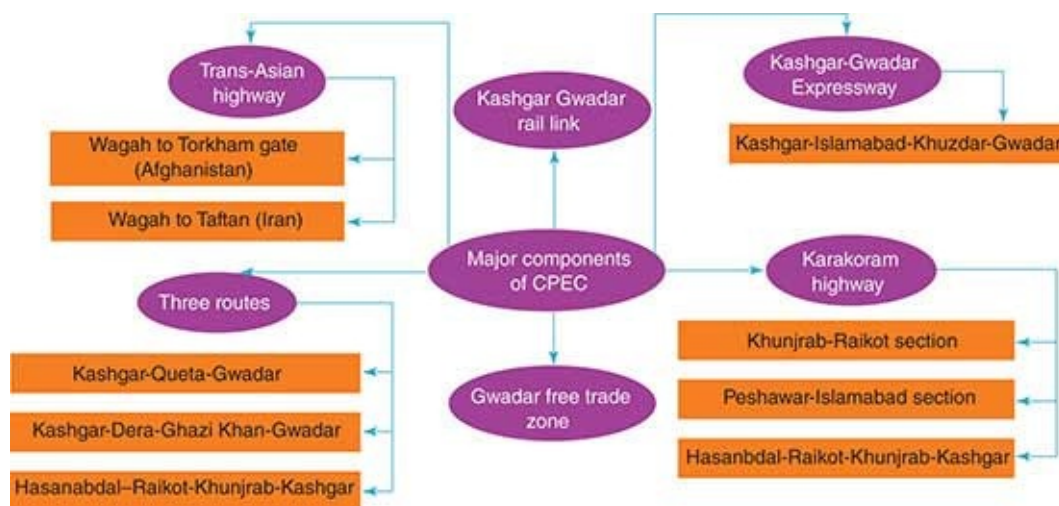
This relation is based largely on self-interest of China, which intends to expand and reach out to the world. Apart from this, Pakistan otherwise serves no deep interests for China. It is rather an investment by China in its own geopolitical well-being than any sort of expectation of a quid pro quo. One of the greatest achievements of this long-standing friendship is the China–Pakistan Economic Corridor (CPEC). The CPEC comes at a time of growing geopolitical ambition of China, being partly a developmental initiative and partly a strategic gambit. One of the important aims of the CPEC is to bolster the Pakistani economy by addressing the key infrastructure constraints in Pakistan and facilitate the development of Pakistan by establishing a connect from Kashgar in China to Gwadar in Pakistan. In March, 2015, China's National Development and Reform Committee announced the One Belt, One Road Initiative. The CPEC is a part of the OBOR and was formalised in April 2015 between Pakistan and China, who concluded around 51 memorandums of understanding with a total investment of 46 billion dollars.

The OBOR has an overland component called the Silk Road Economic Belt (SREB) and a maritime component called the Maritime Silk Road (MSR). The CPEC is a flagship project which will have the potential to serve as a fusion of MSR and SREB. It is now believed that the conclusion of CPEC as a link from Arabian Sea from Pakistan to China through land based CPEC can help alleviate the Chinese Malaccan dilemma. China also faces threat due to rising Islamic extremism in Xinjiang province, especially from ethnic figures. Over a period of time, the Uyghurs have taken refuge in Pakistan. The Uyghur extremists have established relations with Al-Qaeda, Taliban and other Pakistani extremists, and China feels that such a relation might endanger Chinese interests in Pakistan. Thus, China's CPEC is designed to create jobs in Pakistan and reduce anti-state sentiments, thereby providing more resources for Pakistani security agencies which

Pakistan would use to safeguard the corridor. The CPEC is created in the manner that it will help Pakistan generate revenues to quell the Jihadi threats, thereby ultimately helping China to protect its own western periphery alongside, giving it an alternative route to the Strait of Malacca. Pakistan also feels that the project will help it to gain mileage politically in elections and also strengthen Pakistan against India.



As per the plan, China will invest in industrial power, railways, expressways and energy stations from Kashgar in Xinjiang Uygur Autonomous Region to Gwadar port in the 2000 km long belt.



Once the CPEC materialises, it will be a blessing for the economy of Pakistan and will transform the country into a regional trade and energy hub. From the Chinese point of view, successful materialisation of the OBOR and CPEC would help China achieve the dream of constructive engagement announced by Xi Jinping. It will reduce Chinese vulnerability to oceanic piracy and provide China an opportunity to connect with South, Central and West Asia. One of the options for India is to protest against CPEC as it passes through disputed territory, but, this protest ultimately cannot halt the CPEC project. C Raja Mohan aptly suggests that an alternative is that India open up its land routes for China to connect to Pakistan, by which India can also eventually gain economically.



## Wahhabism Meets Han-ism and the CPEC

The CPEC is going to alter the demographic equations in Gilgit- Baltistan region as it is going to emerge as the next region by China for demographic re-engineering. China has done a similar thing in Xinjiang. In 1950's, 90% of the population in Xinjiang was Uighur Muslims. China started exporting Han Chinese to Xinjiang. As per the 2000 Census, Han Chinese constituted 40% population and the Uighurs were down from 90% to 48%. The Gilgit-Baltistan region of Pakistan has seen a similar

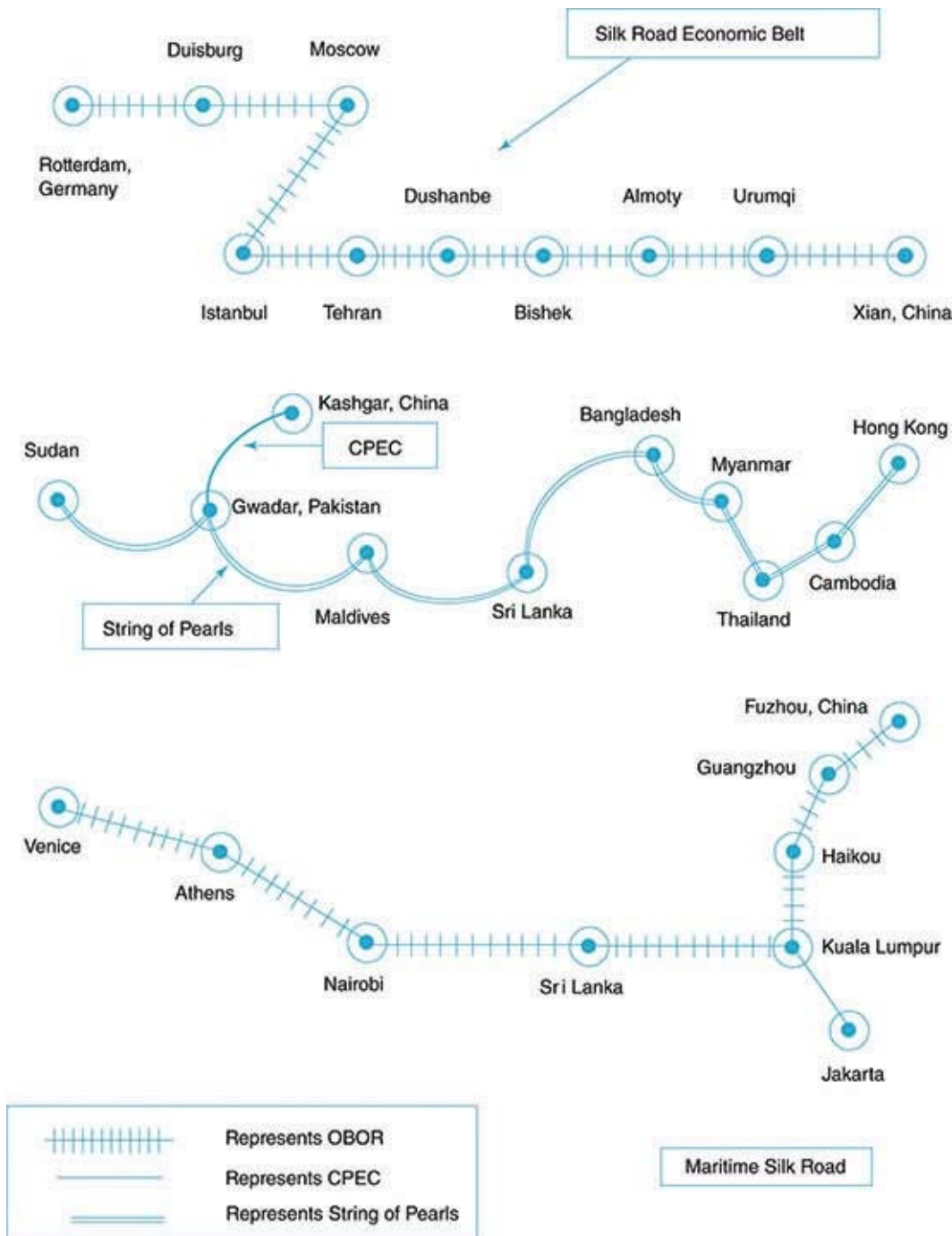
policy executed by Pakistan. This region in Pakistan is a Shia dominated area. In 1974, Pakistani government abolished rules that prevented non-locals to buy property in the region. Post this abolishing of the policy; Pakistan began to export Sunni Muslims to this region. As per the 2001 report, old population ratio of 1:4 (non locals to locals) in 1974 was transformed to 3:4. CPEC, which passes through this region, allows Pakistan and China to alter the demographic equations of the region further as it is going to emerge as a new ground for volatile osmosis of Wahhabism and Hanism where both claim social dominance of communities. The region will be reduced to a zone of ethnic, religious and sectarian conflict creating grave security concerns for states in South Asia and Central Asia.

## **INDIA'S OFFICIAL POSITION ON THE OBOR AND CPEC**

India's official position is that as the CPEC passes through Pakistan Occupied Kashmir (PoK), which is a disputed territory, and land that has been illegally occupied. India asserts that China has not shown any understanding of India's sovereign claims and thereby it will not be part of the OBOR. In May, 2017, China organised a Belt and Road Initiative Summit (BRIS) in which India did not participate. India has asserted that China has to clarify through a statement that it is not supportive of any Pakistani claims over Kashmir. For India, OBOR is a national initiative of China to enhance its connectivity all over to ensure that it is able to sustain its low-cost manufacturing programme (which is declining due to rising domestic wages in China) by integrating itself to global value chains. India has to now decide whether it would allow political differences to prevail over economic interaction.

## **DIAGRAM EXPLAINING OBOR, CPEC AND STRING OF PEARLS**





## SOUTH CHINA SEA ISSUES

South China Sea (SCS from now) is a disputed territory. There are three broad perspectives that can be used to study the history of a sovereign dispute. The first perspective in International Relations is called the national perspective. Under this, we try to study the history of the territory as far as possible to look for evidences that the piece of land in question has always been a part of the national patrimony. Then, using the analysis, we demonstrate that the piece of land has always been under some sovereign control through various mechanisms ranging from occupation to utilisation of the land in question. In the second perspective, we use a non-partisan legal treatise and try to establish a chronology of all conflicting claims made to the sovereign piece of land and then evaluate the chronology on the basis of merits, as per international law. In the third perspective, we try to study the dispute as a part of international history. While doing this, we analyse the events through the prism of a change in balance of power vis-à-vis the international system. In a nutshell, in to the process of resolution of any sovereign dispute,

history plays an important role. In our attempt to analyse the SCS dispute, the parties involved in the conflict are making claims on the basis of ancient documents. Therefore, to understand the issue better, we shall need a quick overview of the earlier periods.

Historically, the SCS has always been used for the purpose of communication by small and large ships. This route of communication goes back to almost two thousand years. As the ships passed through the region, it also gave rise to powerful states all along the route which used the income from merchant vessels transiting the seas to sustain their states.



The rulers of all these states used to tax the ships passing by and maritime communication and trade certainly acted as a source of revenue. The trade in the Malacca Strait region was dominated by traders of Sri Vijaya state in the period from 8th to 12th century. In the period from 12th to 15th century, the Chinese emperor suddenly ordered a halt to expansion and building of ocean going ships. This sudden halt by the Chinese emperor gave Japanese, Koreans, Persians and Arabs an opportunity. The subsequent period witnessed Arabs and Persians not only resorting to maritime trade in the region but also bringing Islam to the region. In this long-distance trade, the Malaya language emerged as a lingua franca. The trade was dominated by Chinese ceramics, silk and Southeast Asian spices. In the 16th century, the region witnessed an inflow of commercial trading ships from Europe circumventing through Africa, with Europeans establishing trading bases in areas like Macau, Manila, Melaka, Formosa. As the ships used to pass through the region here, the captains of the ships used to steer their ships away from two reefs—namely Paracel and Spratly—which the captains used to perceive as danger zones in the middle of the sea. They did not know about a passageway between the two reefs that existed which, in modern times, is used as a transit route. Thus, at times during that period, the captains of the ships, during hostile weather, would often drop their wrecks containing merchandise on the reefs. Also, there have been some historical instances when the emperors in the region would authorise plunder of the shipwrecks. Today, such plunders are used as arguments to claim sovereignty which itself are dubious as the modern law at the international level requires proof to show exercise of sovereignty and not economic plunder to establish claims.



The pre-modern era saw a continuation of this with important powers such as the British, French, Spanish and Dutch passing through the route in the colonial period. became. During the colonial era, based on the concept of territorial sovereignty, new states were constructed by the European colonisers. During the era of colonial rule, the British established their presence in Singapore, Melaka, Hongkong and north Borneo. As a result, the Dutch began to merge all their possessions into the ‘Netherlands Indies’ while Spain deepened their presence in the Philippines. France colonised Indochina from 1863 onwards. After Japan won the Sino–Japanese war in 1895 and the US won the Spanish–American War of 1898, it led to rise of five mega external powers in the South China Sea.



As Europe began to slip into alliance formations, Japan allied with the British (in 1902) but the power relations amongst Japan and the four other powers got affected when the issue of the settlement post World War–I came up. The period after World War–I saw Japan diplomatically losing power as power relations post-war began to be dominated by the four western nations. Restrictions were imposed upon Japan about the number of ships it could build while also making it give up its Chinese possessions. This ultimately led to the emergence of the Asianist ideology spearheaded by Japan based upon anti-western domination. Japan resorted to consolidating its position by increasing its commerce and domestic production by using resources like guano from islands and the reefs of South China Sea. In the interwar period, Japan occupied Manchuria in 1932 and won a war with China, precipitating a crisis in the South China Sea. This compelled the western powers to consolidate their positions to check the expansionism of Japan.

No power used to pay attention to the islets in the SCS, but all of them did perceive the islets as a source of danger. The British captains began to give British names to these islands. One of such name to an archipelago was ‘Spratly’. The British, who had designated these islands as dangerous grounds, began to undertake surveys. The eastern Spratly was to be avoided for sailing while there commended route to sail was through the Palawan islands. As the oceanographic expeditions began, the surveys found that during some parts of year, the islands were inhabited by nomadic fisherman speaking Hainanese

dialects who primarily lived in Hainan. The British had established a Protectorate in Northern Borneo and had a governor in Labuan, which was an island in the north of Borneo. In the 1870s, some merchants in Northern Borneo sought some concessions from the British Governor in Labuan to use guano on Spratly and Amboyna Cay. In 1877, subsequently, the British asserted a formal claim on Amboyna Cay and Spratly. In modern times, this British claim emerged as one of its kind during this period. In the British colonial office list, the British annually made mention of Spratly and Amboyna Cay as British possessions.

Paracel island was a larger island along Singapore to Hong Kong shipping route to which no European power made claims to. After the decline of the Qing dynasty in China, even China did not make any claims to these islands, including small ones like Pratas. In 1932, even the British decided to give up their claims to Spratly islands and Amboyna cay. However, a renewed interest to claim Paracel and Spratly was generated when Japan began to assert its strength. In 1932, when Japan invaded Manchuria, it generated tremendous insecurity in the western world. Japan had already been exploiting the guano from Paracel and Spratly islands, and it turned out that the Japanese presence was not just commercial but also strategic in its expansion southwards. The fear of Japanese expansionism made France to assert claims on Spratly and Paracel. To forestall any aggression by Japan, in the period from 1930 to 1933 France claimed and occupied the islands. The British did not object to French claims as the British had given up claims to Spratly in 1932. In 1938, when China–Japan war broke out, the French established their permanent presence in the Paracel island to which the Japanese protested while the British did not. In 1939, Japan invaded Taiwan and claimed the entire archipelago of Spratly as Japanese territory. The island was used as a military base to invade Philippines in World War–II and the Japanese also drove out the French from one of the largest islands on Spratly—ItuAba (Taiping Island).



From 1942 to 1968, the countries around the South China Sea witnessed change as the colonial rules were now replaced with new independent states which were all divided by Cold War ideologies. After the World War–II ended, the Chinese government of Chiang Kai-Shek sent a naval expedition in 1946 to Paracel and Spratly and established permanent presence on the Aba and Woody Islands. A dotted U-shaped line was established in 1948 by the government in Nanjing in the entire SCS territory. However, its legal status was not clarified by China. In 1946, the French sent expeditions and established a permanent presence on Pattle Island on the western part of Paracel. In 1949, the Chiang Kai-Shek government was chased away from mainland China and it fled to Taiwan. In the 1950s, the Chinese troops from Spratly and Paracel were removed. The French did not make any claims on the islands previously held by Ching Kai-Shek but defended their presence in Pattle island. Vietnam had two regimes—one led by the Ho Chi



Minh, which supported the claims of People's Republic of China and the Bao Dai-led state of Vietnam, supported by the US and Britain, which did not.

In 1951, at the San Francisco Peace Conference, Japan agreed to leave Taiwan and Hainan for China. Japan also decided to abandon claims on the islands in South China Sea but did not clarify to which player the other islands would be ceded. At the conference in San Francisco, there was no representation of China, while France and Vietnam continued to make own claims on islands of Paracel and Spratly. The British and the Americans were of the view that Paracel and Spratly were not strategically or economically important and thus allowed the issue to remain unsettled. Since Japan relinquished any claim to Taiwan, Pescadores, and Paracel and Spratly, the treaty gave the impression that Paracel and Spratly were henceforth a part of China. After the division of Vietnam along the 17th parallel at Geneva conference in 1954, in Philippines, two maritime activists Tomas Cloma and Filemon Cloma began to assert claims on Spratly, stating that Japan had abandoned all claims. The Cloma party proclaimed Freedom land or Kalaya'an by occupying a number of islands. This led to Taiwan counter-claiming Spratly. In 1950, Taiwan reoccupied the Itu Aba island and since 1971, has established a permanent occupation on Itu Aba. This led to PRC claiming Woody Island where it established a permanent presence, while, South Vietnam also protested against the Cloma party and began to claim Spratly. Due to Nikita Khrushchev's rapprochement with US, the Sino-Soviet split occurred in 1969, paving way for Sino-US rapprochement from 1972. In the subsequent period of Sino-US rapprochement, the Chinese government undertook naval expansion to re-emerge as a dominant naval player in the region.

In this period, 1971-72 to 1989, the UNCLOS-3 and the discovery of oil changed the stakes involved in the SCS. As oil surveys were being carried out, there was renewed interest in the world to discuss how far from the shore of a coastal state national jurisdiction of a continent shelf could extend. This also led to the UNCLOS-3 negotiations which began in 1973 and extended to 1983. During UNCLOS-3 negotiations, as the concept of EEZ was being pushed, the South East Asians began to be tempted to claim the Spratly islands. In 1982, the UNCLOS-3 finally accepted the 200 nautical mile limit for EEZ and this was enforced in 1994 after 60 states ratified the instrument of ratification. The period from 1969 to 1972 had already seen an aggressive attempt by states around SCS to push off-shore oil agendas. In 1971, Philippines had declared Kalayan as a part of its territory and had allowed oil firms to explore oil. In 1973, South Vietnam had given the US oil blocks for oil exploration in western region of Spratly. As the US-Vietnam war ended with the Paris Accord in 1973, Vietnam was eventually unified into a Socialist Republic of Vietnam. In 1974, in a Vietnam-China conflict, China snatched away Paracel islands from Vietnam. This subsequently unfolded as an outright conflict between two distinct ideologies—namely, communist Vietnam and China. Since the 1974 war, Vietnam began to increase the presence in Spratly. Vietnam had received Soviet supported all along. In 1978, when Vietnam invaded Cambodia, it led to the isolation of Vietnam in the region. But even during this period, Vietnam continued to extend oil concessions to oil consortiums in SCS. China often objected to such concessions when they were made within the dotted U-shaped line. After the ratification of UNCLOS-3 in 1982, the only way China could make a claim to the continental shelf in central SCS was to base claims based upon possessions of island of Spratly.

In Spratly, the only two claimants were Brunei and China who occupied no features, thus compelling China to enter the scramble of Spratly. In Russia, when Mikhail Gorbachev assumed power, he decided to scale down Soviet naval deployments abroad. This gave China an opportunity and in 1987, the Chinese sent an expedition in the region. In 1988, there was again a conflict and China established presence in Spratly. Vietnam withdrew from Cambodia in 1989, thereby ending its isolation and paving way for a region power constellation in the post-Cold War period.

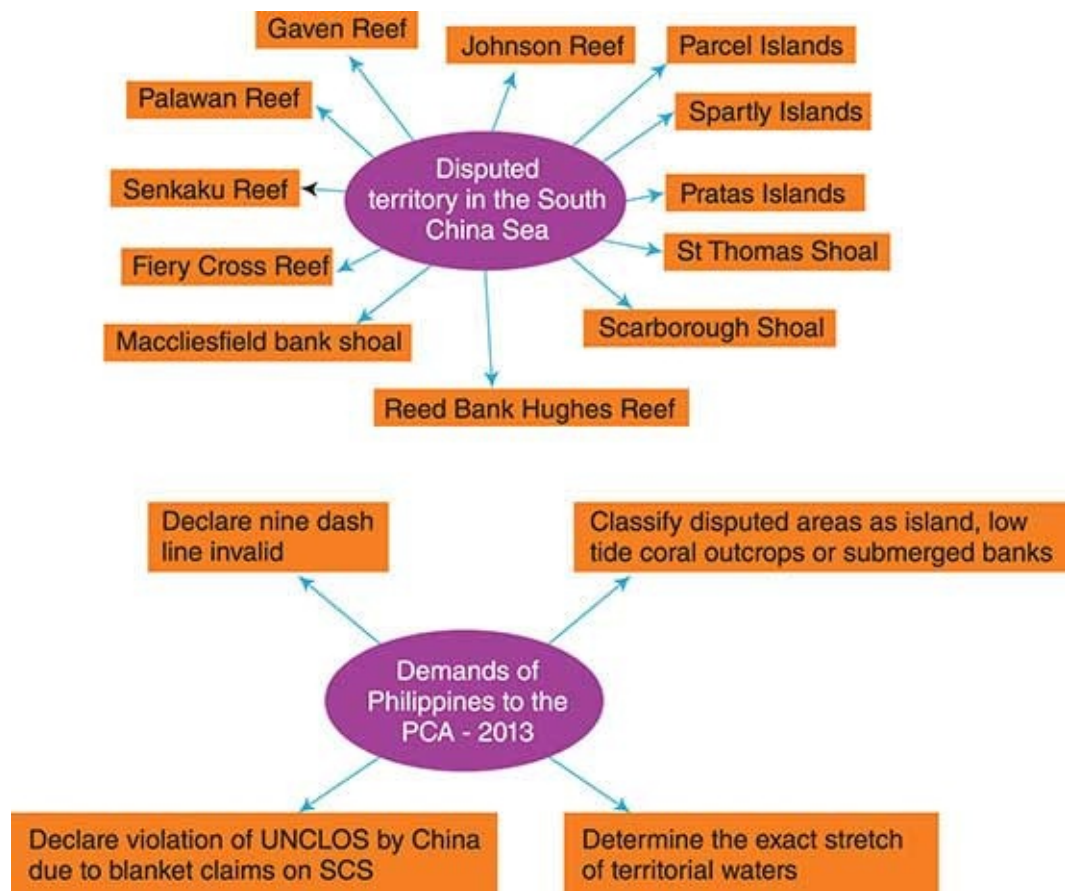


As the cold war ended, there was a sense that the US will withdraw from the South East and East Asia as its strategic goals to contain the Soviets had ended. As the debate on a power vacuum left by the US was raging, China became a possible filler. As Chinese economy and military had grown aggressively after its transition during the Cold War, there was a perceived fear of Chinese assertiveness. In 1995, the Chinese had built upon an artificial island on Mischief Reef in Spratly, located very close to the Philippines. As Taiwan was gearing up for its first presidential election, during a military exercise by China in 1996 in the Taiwan Straits, it launched a few missiles. This incident brought the US back into the picture as it sent a US carrier force into Taiwan Strait to signal China that it would not tolerate any interference or restriction on its maritime activity in the SCS.

In 1992, at a meeting of foreign ministers of ASEAN, all nations had agreed upon a joint declaration on SCS with a commonly agreed principle of not using any violence in the dispute settlement. As ASEAN expanded at the end of the Cold War, it brought Cambodia, Laos, Vietnam, Myanmar and Brunei within its fold. The 10-member ASEAN block had nations which had claims on territories in the SCS. In the first decade since the end of the Cold War, China, however, insisted that it would resolve all disputes in SCS bilaterally with the states. In 1999, ASEAN adopted a draft code of conduct putting an end to more occupation of reefs in the SCS. China again proposed that joint cooperation be the core value in dispute settlement. In 2002, the draft code of conduct was finally adopted as a Declaration of Conduct of Parties as conflicts had flared up repeatedly due to China's assertiveness and territorial claims in the SCS due to the presence of oil and gas region. In the recent past, we have witnessed China asserting itself over the "nine-dash line" to virtually claim the entire South China Sea. Countries in the region and the US have blamed China for aggressively militarising the SCS. China has been resorting to a passive-aggressive strategy to state claims.



After years of undertaking futile negotiations at a bilateral level with China, the Philippines, decided to take the issue to the Permanent Court of Arbitration (PCA) in January, 2013. China completely opposed it, advocating that the issue needs to be resolved bilaterally.



The reason for the Philippines suddenly dragging China to the PCA was that China had escalated the tension by taking control of the disputed Scarborough Shoal in 2012. Tensions further got aggravated in 2012 when Chinese vessels began to poach marine species at Scarborough Shoal and Chinese surveillance strips prevented the authorities of Philippines to apprehend them. In July, 2016, after three years of intense deliberations on the SCS, the tribunal came out with a 501-page award in favour of Philippines.



jo However, China has refused to follow the verdict of the PCA. Considering the fact that PCA lacks an enforcement mechanism, nothing on the ground is likely to change, though the verdict is a morale booster for Philippines. The award is, however, likely to heavily affect diplomatic and economic ties between China and Philippines.



India is not a party to the dispute in the South China Sea. However, as it explore soil intly with Vietnam and also uses the sea lanes of communication for commerce, in the recent times, it has evolved a stand based on the points above.