

South China Sea Forum

Manila Polo Club, 17 October 2011

Ambassador Domingo Siazon Jr.

Ambassador Roberto Romulo,

Ambassador Rodolfo Severino,

Distinguished Participants,

Ladies and Gentlemen,

I thank Ambassador Romulo, Chairman of the Carlos P. Romulo Foundation and Ambassador Rodolfo Severino, Head, ASEAN Studies Centre, Institute of Southeast Asian Studies for inviting me to participate in today's forum.

It is said that when the seal of the United Nations was being determined, Carlos P. Romulo (CPR) asked: "Where is the Philippines?" Senator Warren Austin, head of the Selection Committee, explained, "it is too small to include. If we put the Philippines, it would be no more than a dot," "I want that dot," insisted Romulo.

Today a tiny dot between the Pacific Ocean and the South China Sea can be found on the UN seal.

The general must now be smiling watching the CPR's Foundation's forum on the disputes related to the many mini dots and non-dots of the South China Sea.

In recent times, there has been a proliferation of meetings on the SCS disputes. The reason for this is clear. Countries in the region, both claimants and non-claimants are seriously concerned that the occasional incidents in the SCS which have increased in frequency could lead to military conflict in the region. They all yearn for an early settlement of the disputes.

It is also a sign that China will need to manage better its rise as an economic and military power in the world. China might wish to consider using more soft power and smart power.

Today we have the good fortune of having with us many renowned experts on the Law of the Sea and on regional cooperation in maritime areas. We hope to learn much from them.

I would like to take this opportunity to pay special tribute to Ambassador Hasjim Djalal of Indonesia for his life time work on the Law of the Sea and for his efforts in convening the Workshop Process on Managing Potential Conflicts in the South China Sea since 1989. Many important ideas and proposals have emerged from these Workshops. It would be useful for the claimant countries to study these for possible implementation in the SCS region.

I am neither a lawyer nor an expert on the Law of the Sea (LOS), but I understand from the legal experts that with the entry into force of the United Nations Law of the Sea (UNCLOS) in 1994 and with the submissions to the United Nations by the Philippines, Malaysia, Vietnam, and Brunei in 2009, the SCS disputes are now better understood.

I am also informed that all the Claimants are Parties to UNCLOS. They therefore have to comply with the provisions on the Law of the Sea without exception and this development would facilitate the negotiation process.

I am advised of the evolving consensus among the experts that UNCLOS has clarified the following:

1. Territorial claims can be made only to land features and any territorial waters that they may generate, under the principle of land begets water rather than the other way around;
2. Distinction between islands, which can generate exclusive economic zones (EEZ) and continental shelf (CS), and rocks, which cannot;
3. Definition with some precision, of territorial sea, EEZ, and CS; and
4. Rights of other Parties to UNCLOS

There also seems to be a preponderance of views among the experts that a clarification by China of the 9 dash line on Chinese maps would greatly help to facilitate the negotiations defining areas for joint development. I believe it was China which first proposed in the 1980s shelving the sovereignty question and starting with joint development. The settlement of sovereignty and jurisdictional questions will take some time, perhaps too much time for most if not all the claimants.

In May 1995, I succeeded Roberto Romulo as Secretary of Foreign Affairs of President Fidel Valdez Ramos. A major challenge I had was the management of relations with China which occupied Mischief Reef early in 1995.

The occupation of Mischief Reef and its subsequent fortification has been like a fishbone in the Filipino's throat. But at the same time, China has been a major economic partner not only in the bilateral sense but also in the context of ASEAN, the ASEAN Community and the establishment of an East Asian Community in the future.

Geographically, China is the largest neighbor of the Philippines. Geography is immutable and relations with China have to be managed very well.

Political relations between China and the Philippines during 1995-2001 went up and down like a roller coaster because of the SCS dispute. Despite the successful exchanges of many successful State Visits, relations with China were always sensitive at the political level. Economic ties however, continued to strengthen.

In 1999 during the term of President Joseph Ejercito Estrada, relations with China worsened as the number of Chinese fishing vessels intruding into Philippine areas increased significantly. Moreover, there were instances when Chinese fishing vessels would aim their weapons at the Philippine Coast

Guard. There were also situations where the Philippine Coast Guard fired warning shots at the Chinese vessels.

The worst incidents happened in May 1999 with the accidental sinking in the Scarborough area of two Chinese fishing vessels by a Philippine Coast Guard ship. It was a time when China was bristling with anti-US demonstrations in several places because the Chinese Embassy in Belgrade was accidentally bombed on 7 May 1995 by US planes resulting in casualties among Embassy staff and the destruction of the Embassy.

Fortunately, at that time, China accepted Philippines' explanations and apologies. China also demanded for compensation. The DFA however refused compensation from the Philippines government as the Chinese vessels were fishing in Philippine area. With the help of a Filipino-Chinese association, the amount of US\$120,000 as compensation for the two ships was settled.

I have related the story about the Scarborough incident to underline that diplomacy has a very important role in managing disputes with other countries. At the same time, I wish to signal that continuing disputes on the SCS could lead to potential conflict in the region.

There are more serious incidents between China and the USA in the SCS. For example, the EP3 plane incident on April 1, 2001 and the USNS Impeccable incidents from 5 to 8 March 2009.

Many worry about an accidental war between China and the USA. They have good reasons for worrying. But the greater risk may be a military conflict between China and Japan which have very serious disputes in the East China Sea. Moreover, the accident control mechanisms between Japan and China probably need to be improved substantially after the September 2010 incident involving a Chinese fishing vessel intentionally colliding with a Japanese Coast Guard ship. There is also an urgent need to establish emergency mechanisms between China and India for activities in the maritime areas. There are clear signs that the bigger economies in the Asian region need to improve the management of their relations with each other.

It seems paradoxical that the Philippines, ASEAN and China have succeeded for the last ten years to establish closer economic relations and but remain unable to resolve their SCS disputes.

Today, China is the Philippines largest trading partner.

China remains as ASEAN's largest trading partner accounting for 11.3% of ASEAN's total trade. In 2010 ASEAN was China's fourth largest trading partner. And in the first half of 2011, ASEAN moved up to become China's third trading partner. ASEAN and China are also developing an East Asian Free Trade Zone that would include Australia, India, Japan, New Zealand and the ROK. China is also an active and important member of the ASEAN Regional Forum (ARF).

It is interesting to note that China's largest trading partner is the USA and Japan's largest trading partner is China. China is also the largest trading partners of Australia, India and the ROK. China is the core trade and the hub of the industrial production network in East Asia.

China-Philippines relations and China-ASEAN relations are too important to be frozen because of disputes on the SCS. We should all try to manage the disputes and go full speed ahead with our economic and political cooperation.

Early this year, the Asian Development bank (ADB) published a report titled: ASIA 2050 Realizing the Asian Century. The ADB report estimated that by 2050, about US\$148 trillion or 51 percent of the World's Gross Domestic Product (GDP) would be from Asia and that China would be the biggest economy with a GDP of some US\$63 trillion followed by India and the USA with around US\$40 trillion each. There are of course many caveats to this scenario like regional integration, good governance and continuing re-structuring but perhaps the most significant is the avoidance of a major conflict between the big economies. The realization of the Asian Century should be the objective of every Asian.

In his book on China, Henry Kissinger compared the rise of China to the unification of the German Nation in 1871. He asked the question: "Will History Repeat itself?" He noted the complexity of managing the relations between China and the USA but warned that failure to do so could lead to a repetition of what happened to the German nation whose unification was based on nationalism.

Joseph Nye in his book the *Future of Power* wrote: "The danger I see is that the Chinese—thinking America is in decline – push too hard, and that the Americans – fearing the rise of China – overreact."

I tend to be more optimistic as the Asians particularly the Chinese have studied history well. The pattern of ASEAN development was based mainly on the European experience but molded in the ASEAN way.

I believe that China and the Major Powers must continue to follow a Chinese saying by Chen Yun, the late communist leader: "Crossing the river by feeling for the stones." If they do, we shall all be able to cross the river safely and realize the Asian Century.

Thank you.