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Pan-Tonkin Gulf Cooperation: De-securitising the South China Sea?

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The South China Sea territorial dispute is the last but still salient security issue between China and several ASEAN countries. The emerging Pan-Tonkin Gulf Regional Economic Cooperation scheme has the potential to further de-securitise the South China Sea dispute and forge cooperation in many areas. The Pan-Tonkin Gulf proposal, if adopted, will turn the South China Sea into an “internal lake” of this regional economic zone.

DESPITE THE reduced tension in the South China Sea over the past few years, diplomatic tussles over sovereignty and resource claims have never been absent. This is evidenced by the recent war of words between Hanoi and Beijing when China staged a military exercise near the disputed Paracels and decided to set up Sansha county in Hainan to manage jurisdictional matters in the South China Sea.

This notwithstanding, the general climate remains one in which the six claimants -- China, Taiwan, Vietnam, Malaysia, the Philippines and Brunei – prefer cooperation to conflict. This is largely due to their willingness to put aside their disputes over some areas in favour of common economic development and regional strategic interests. Various confidence-building measures, in particular the Declaration on the Conduct of Parties in the South China Sea, have contributed to the relative tranquility in this maritime region.

A new proposal, initiated by China, may provide further incentive for the various parties to move beyond the status quo. This proposal calls for a regional economic cooperation framework known as the Pan-Tonkin Gulf Regional Economic Cooperation scheme, which is strongly pushed by the local government of China’s Guangxi Autonomous Region. The Pan-Tonkin Gulf cooperation proposal, if eventually adopted by China and ASEAN, has the potential to further de-securitise the South China Sea and could lead to breakthroughs in multilateral cooperation in such areas as maritime transportation, environmental protection, and joint exploitation of resources.

Origin of the Pan-Tonkin Gulf Cooperation Proposal

The origin of the proposal is the China-ASEAN Free Trade Agreement (FTA) framework in which Guangxi, together with Vietnam, proposed a Tonkin Gulf regional economic cooperation zone. Apart from Vietnam, this scheme would include China's Guangxi, Guangdong, and Hainan provinces. Starting from early 2006, Guangxi began to push for a wider Pan-Tonkin Gulf economic cooperation scheme to include parts of China's Southwest and Southeast, Vietnam, Thailand, Cambodia, Malaysia, Singapore, Indonesia, the Philippines, and Brunei. The expansion of the original sub-regional economic zone is an effort on the part of Guangxi to construct its coastal area as a new economic growth centre in China. It is also partly an effort to compete with Yunnan province in strengthening economic cooperation with Southeast Asia.

Guangxi proposed that the Pan-Tonkin Gulf scheme be part of what is called a physically M-shaped structure in China-ASEAN cooperation: the Greater Mekong Sub-region (GMS); the Nanning to Singapore corridor (Mainland economic cooperation); and the Pan-Tonkin Gulf zone (Maritime economic cooperation). Guangxi does not have advantages in the GMS, but the Pan-Tonkin Gulf zone and the M-shaped strategy will allow it to play a leading role in China-ASEAN economic cooperation.

Former Guangxi Party leader Liu Qibao proposed that the Pan-Tonkin Gulf cooperation scheme be officially incorporated into the ASEAN-China FTA framework. The scheme has won the support of top Chinese leaders. During an inspection visit to Guangxi in August 2007, President Hu Jintao encouraged Guangxi to further open up and take full advantage of its littoral position to push for multilateral economic cooperation beyond the Tonkin Gulf.

Premier Wen Jiabao also gave encouraging comments on the proposal both at the memorial summit of China-ASEAN summit in November 2006 and at the tenth China-ASEAN summit in January 2007. The Guangxi local government has recently submitted the official policy proposal to the central government in Beijing. Various ministries are currently reviewing and revising the proposal. With the top leadership favouring the initiative, the Pan-Tonkin Gulf cooperation scheme is likely to be launched and pushed by China in the China-ASEAN bilateral framework.

There are a few reasons why leaders in Beijing think favourably of this initiative. It is perceived as useful in rapidly developing the economy in Guangxi, still a relatively poor province, and the economic development in China's vast under-developed mid-western regions. Also, it is believed to contribute positively to the China-ASEAN FTA because those Southeast Asian countries involved in the cooperation are relatively developed.

Security Implications for the South China Sea

The proposal has won in-principle approval from other regional states, including Singapore, Malaysia and the Philippines, apart from Vietnam. Guangxi has already begun to set up an expert team together with the ASEAN secretariat and the Asian Development Bank to push for the scheme. The Pan-Tonkin Gulf cooperation plan, if fully implemented, would be very significant for security in the South China Sea. This is because the envisioned cooperation would turn the sea into some sort of "internal lake" of the regional economic zone.

A high degree of security in the South China Sea is in turn a necessary condition for the regional cooperation scheme to function smoothly. More importantly, in the proposed plan, there are a few areas that directly deal with the South China Sea. For instance, there is recommendation for a network of ports surrounding the South China Sea. There is also a proposal for cooperation in fisheries, maritime energy, maritime environment and tourism around the South China Sea.

Substantive cooperation in any of these functional areas would mean a major breakthrough in the

South China Sea dispute. Chinese analysts and top leaders have commented that the emergence of the Pan-Tonkin Gulf Zone will help initiate China-ASEAN dialogue and cooperation in maritime affairs. It will also serve as a platform for communication and coordination among various parties on the South China Sea.

Stabilising the South China Sea

The Pan-Tonkin Gulf regional cooperation, now strongly pushed by China, is likely to give further impetus for Beijing to engage other claimant states on the South China Sea dispute. If the relevant ASEAN countries eventually agree to join hands in the new sub-regional cooperation scheme, the time will soon come when all parties in the South China Sea dispute earnestly tackle this maritime issue. They will find it helpful to revisit many of those policy recommendations that were proposed at the Indonesia-initiated workshops in the 1990s and various joint development schemes or schemes of sharing resources that had been suggested by the scholarly community.

This new economic integration project, if ultimately realised, will give the region some reason to be optimistic about stability of the South China Sea in the near future.

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