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# RSIS COMMENTARIES

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## **China's New Marine Interests: Implications for Southeast Asia**

By Yang Fang

### **Synopsis**

*China has for the first time included a chapter on marine development in a Five Year Plan. This emphasis on the marine economy presents both challenges and opportunities.*

### **Commentary**

CHINA'S 12th Five-Year Plan, which was released in March 2011, has for the first time incorporated maritime development guidelines in a single chapter. The plan emphasises an optimal marine industry structure that includes exploiting and utilising marine resources rationally and scientifically, enhancing maritime development, and improving control and management capabilities.

The call for development of the marine economy is in line with China's growing maritime interests. During the course of the 11th Five-Year Plan, China's marine economy increased by 13.5%. However, this increase accounts for no more than 10% of the national GDP. In the years to come, the Chinese government will transform the national economy into a more marine-based one. Coastal provinces have increased investment in marine industries and programmes to promote the marine economy. The country's coastal provinces and municipalities - Liaoning, Hebei, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Guangxi and Hainan – all have their own offshore development plans.

However, many challenges lie in the way of such progress. These include the increasing demand for resources and the need to expand the size and role of law enforcement agencies at sea, which involve risks of confrontation with foreign ships.

### **Intensified Search for Energy**

China is heavily dependent on energy and other resources to fuel its rapid economic growth. To ensure the sustainability of energy resources, the country is searching intensively for offshore sources to reduce dependence on foreign imports. State-owned energy companies are pushed to explore oil and gas in deeper and broader waters offshore. Most notably, the China National Offshore Oil Corporation (CNOOC), the biggest offshore oil and gas producer in China, has launched the most advanced oil and gas drilling platform CNOOC981 in June 2011, enabling the drilling of oil and gas in waters up to 3000 meters deep.

The quest for energy and the acquisition of high technology equipments will allow China to extract oil under more challenging geological conditions further and deeper in the South China Sea. In the past, China's energy exploration activities in the South China Sea were confined to more shallow waters off Hainan Island. In

comparison the *Oriental Outlook*, a magazine published by Xinhua News Agency, noted that about 20 million tonnes of oil and gas have been extracted annually by Vietnam, Philippines, and Malaysia from the South China Sea. This is perceived as a loss of oil and gas to foreign countries.

Combined with the pressure caused by the growing demand for energy domestically, the Chinese are feeling increasingly insecure about this unequal share of resources. The intensified search for energy among claimant states in the South China Sea, together with the lingering maritime boundary disputes will keep destabilising the region if all the parties concerned go their own way.

### **Expanding Law Enforcement Agencies**

As China's economy becomes more marine-based the role of maritime enforcement agencies will become more important. With three million square kilometers of offshore waters and 32,000 kilometers of coastline, China's law enforcement agencies are required to expand their efforts in patrolling the seas and regulating maritime activities to maintain maritime order and protect marine economic development.

Since the 11th Five-Year Plan, China has been expanding its maritime law enforcement agencies. The China Maritime Surveillance (CMS) force, a department under the State Oceanic Administration, has launched a construction programme of 36 inspection ships and 54 high speed speedboats. It is envisaged that by 2015 when the 12th Five Year Plan is accomplished, the CMS will have 16 aircraft and 350 patrol vessels. By 2020, its staff will increase from 9000 to 15,000 personnel.

Other than the CMS, Chinese maritime law enforcement agencies also include the Maritime Police of the Border Control Department, the Maritime Safety Administration, the Fisheries Law Enforcement Command, and the General Administration of Customs. These agencies are under different departments and are projected to expand to fulfill their roles better.

### **More Conflicts Ahead?**

The recent spats between China and other claimants over the South China Sea mainly involve stand-offs between Chinese patrol vessels and oil-searching vessels of neighbouring countries. The use of patrol vessels from civil law enforcement agencies may be a message that China is not willing to respond to maritime boundary disputes by using military force.

As the security environment in the surrounding waters, particularly in the South China Sea and East China Sea, is becoming more complicated, it is clear that China is facing more challenges in conducting maritime law enforcement. The confrontations between Chinese patrol ships and other claimants' ships including exploration and fishing vessels are likely to increase.

### **Pondering the tough questions**

China is facing a number of challenges at sea as its growing demand for energy and greater maritime law enforcement at sea become entangled with long-lingering sovereignty disputes with neighbouring countries. The military elites in China are calling for a more extensive national maritime strategy, which is under review. How these factors are to be integrated in a grand maritime strategy and its maritime interests can be achieved without confronting regional countries are tough questions that planners in Beijing are pondering.

Greater coordination both among Chinese maritime law enforcement agencies and between China and neighbouring countries in the South China Sea could offer a way out. Countries should consider joint cooperation backed by stronger political will to ensure sustainable stability and security for all. Countries should also consider establishing maritime hotlines for confidence building and better information sharing.

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