



Delhi Policy Group

Advancing India's Rise as a Leading Power



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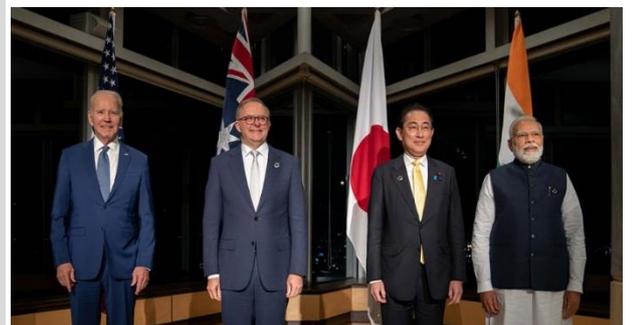
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ABOUT US

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Cover Image:

China's President Xi Jinping with President Marcos Jr. of Philippines during his visit to Beijing, China on January 4, 2023.

(Source: [Embassy of China to Republic of Ethiopia/Official Website](#))

India's Prime Minister Narendra Modi along with Prime Minister Anthony Albanese of Australia, Prime Minister Kishida Fumio of Japan, and President Joseph R. Biden, Jr. of the United States, in Hiroshima for the 2023 Quad Leaders' Summit on May 20, 2023.

(Source: [Australian Government Department of the Prime Minister and Cabinet](#))

President Xi Jinping and his wife Peng Liyuan hosted a banquet to welcome the international dignitaries attending the third Belt and Road Forum for International Cooperation (BRF) at the Great Hall of the People in Beijing, China on October 17, 2023.

(Source: [President of Russia](#))

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Belt and Road Initiative Has Lost Its Lustre

by

Pradeep Taneja

On 18 October, the General Secretary of the Communist Party of China and President of the People's Republic, Xi Jinping, opened the third Belt and Road Forum (BRF), marking the 10th anniversary of his signature foreign policy initiative. Speaking at the opening ceremony, Xi [said](#) the BRI "aims to enhance policy, infrastructure, trade, financial and people-to-people connectivity, inject new impetus into the global economy, create new opportunities for global development, and build a new platform for international economic cooperation."

The latest BRF [attracted](#) the lowest number of foreign heads of state or government when compared with the last two BRFs in 2017 and 2019. Amongst the world leaders attending the forum, there were only two from South Asia: the President of Sri Lanka, Ranil Wickremesinghe, and Pakistan's Caretaker Prime Minister, Anwaar-ul-Haq Kakar. In fact, South Asia's representation at the BRI forums has never been very high, with only two top leaders being present at each of the three forums.

Aside from the relatively low number of attendees at the head of state or government level, three things stand out about the Belt and Road Initiative, some arising from the latest iteration of the BRF and others noticeable from closer scrutiny of the development of BRI over the past decade.

First, the One Belt One Road (as it is still called in Chinese despite the Chinese government renaming it in English in 2015) or the BRI, appears to be losing its shine and will in the future likely focus less on capital-intensive big-ticket infrastructure development and more on digital, education, health, and training infrastructure – what Xi himself described as the "small yet smart" people-centred projects. This is not necessarily a bad thing as perhaps this is what people in many of the developing countries want, instead of the fancy, unaffordable and unnecessary white-elephant construction projects that leave them saddled with debt.

There are several reasons for this. One reason is that many of the governments that have hosted BRI projects have accumulated unprecedented amounts of debt over the past ten years that they increasingly find difficult to service. Sri Lanka and Pakistan are prime examples of this.

Another reason is that as China's own economy faces a potentially long-term economic slowdown, high youth unemployment and mounting public and private debt, its capacity to continue to finance large-scale infrastructure development in other countries is likely to be seriously constrained. Finally, the United States, European Union, Japan and India have all responded to the BRI by offering their own alternative infrastructure or connectivity packages to developing countries in Eurasia and Africa. This would offer these countries other options for infrastructure finance and a range of choices in technology.

Second, the third forum also highlighted the declining interest from Western countries in the BRI. While only one European country, Italy, has publicly withdrawn from it, the low level of attendance by European heads of state or government at the latest forum may indicate their wish to distance themselves from a controversial scheme that has been seen as an exercise in hard wiring the geopolitical choices of participating nations. While 11 European heads of state or government attended the second BRF in 2019, only 3 came to the most recent forum.

This may have been due to China's tacit support for Russia's war against Ukraine or because the European leaders did not want to share the platform with the Russian President, Vladimir Putin. Whatever their reasons for staying away from the 2023 BRF, it is difficult to avoid the conclusion that the European interest in China's BRI is not the same as it was in 2017, when China hosted the first BRF.

While Australia's federal government never signed up to the BRI, the state of Victoria did sign a memorandum of understanding with China's National Reform and Development Commission in 2018, and a more detailed framework agreement in 2019, to participate in the BRI. But the Australian government led by Scott Morrison enacted a legislation in 2021 that gave it the power to cancel that MOU. At the time, the Chinese government condemned the decision to [cancel](#) the agreement as 'provocative'.

Finally, although not directly related to the 2023 BRF, it appears likely that the gradual erosion of interest in the BRI among some developing countries may not be because of the so-called debt-trap diplomacy allegedly practiced by China. A growing body of [research](#) published over the past few years has demonstrated that the debt-trap diplomacy narrative put forward by some scholars and foreign governments has not stood the test of time. These studies have shown it to be lacking in empirical evidence across countries and over time.

Yet, it is clear that in some countries, most prominently in India's immediate neighbourhood, the BRI-related debt has significantly contributed to the financial and economic hardships encountered by the people in these countries. This would make it more difficult to persuade the people there that more foreign loans, especially from China that insists on confidentiality clauses with little or no transparency, are good for the country. This does not, of course, mean that elites in countries like Pakistan will no longer rely on China for more funds, but it may change the way ordinary people in Pakistan or Sri Lanka view these loans.

Emerging Contours of ASEAN-India Maritime Cooperation

by

Prabir De

Introduction

ASEAN and India have a rich history of maritime trade and civilizational linkages. India is the closest maritime neighbour of ASEAN; the maritime distance between India and Indonesia is about 80 nautical miles. Over 2/3rd of merchandise trade between ASEAN and India is carried through sea. Ports are also critical components of global supply chains. Maritime cooperation has thus taken centre stage in ASEAN-India cooperation.

Maritime cooperation has long been a shared priority for India and ASEAN. Stronger maritime relations between ASEAN and India may help unlock the trade potential between them. Both of them have shown a deep interest to enhance maritime cooperation. For the first time, both of them issued a joint statement on ASEAN-India maritime cooperation at the recently held 20th ASEAN-India summit on 7 September 2023 at Jakarta.¹ This commentary highlights some of the aspects and presents a set of recommendations as a way forward.

Maritime Linkages and Activities

ASEAN and India are littoral states and are dotted with many seaports. While ASEAN is at the fulcrum of the Pacific and Indian oceans, India is the maritime powerhouse in the Indo-Pacific. However, the gap between developing and least developed ASEAN countries in the maritime sector is quite noticeable. India's container traffic volume has been much lower than that of ASEAN. As on date, only two ports from India and six ports from ASEAN feature in the top 40 global container ports. Major ports of ASEAN and India are not yet connected by direct shipping except Singapore, Port Klang and Tanjung Pelepas. India and ASEAN countries have undertaken several national initiatives in the maritime sector in the past, which can be grouped into four categories: (i) capacity enhancement, (ii) efficiency and competitiveness, (iii)

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¹ Refer, <https://asean.org/asean-india-joint-statement-on-maritime-cooperation>

climate and sustainability; and (iv) international cooperation.² For example, India's Sagarmala project has helped the country to enhance capacity and digitalisation activities, whereas Singapore and Malaysia in ASEAN have extended high priority to the performance and efficiency of ports. Southeast Asian countries – notably, Singapore- have found digital technology as an indispensable tool to enhance maritime domain awareness. However, ports in ASEAN and India have been late-starters in fulfilling the climate agenda and sustainable development goals.

To scale up Indo-Pacific maritime activities, ASEAN has issued the 'ASEAN Outlook on the Indo-Pacific (AOIP)' and India has come out with the 'Indo-Pacific Oceans Initiative (IPOI)'. Both share relevant fundamental principles in promoting peace, stability and prosperity in the region.³ Maritime cooperation is the foundation of both AOIP and IPOI.

Although there are areas of convergence between the ASEAN and India in maritime cooperation, the scope of cooperation can be further restructured to deal with current needs and challenges.

ASEAN Maritime Outlook

ASEAN introduced the ASEAN Maritime Outlook (AMO) in 2023 as a guide for ASEAN maritime cooperation in the region. Maritime cooperation requires a cross-pillar approach and the involvement of multiple stakeholders. ASEAN's maritime cooperation activities include but are not limited to: (i) proliferation of marine debris and pollution; (ii) environmental impact of marine transport; (iii) piracy and armed robbery against ships; (iv) cyber attacks against ships and port facilities, (v) irregular movement of persons; and (vi) illegal, unregulated and unreported (IUU) fishing activities; (vii) blue economy; (viii) offshore mining; and (ix) offshore renewable energy.⁴ The implementation of the AOIP remains one of the most important frameworks of ASEAN's engagement with external partners on maritime cooperation.

Cooperation with external partners could be undertaken in consultation with the relevant sectoral bodies in the following areas, among others, including maritime security and safety; sustainable management of marine resources; maritime connectivity; conservation of marine biodiversity; and technical

² Refer, for example, Mitra, S et al. (2021) "Reforming Port Processes in India for Logistics Efficiency", ADB Briefs # 187, Manila, available at <https://www.adb.org/publications/reforming-port-processes-india>

³ Read, for example, Singh, Gurjit (2022) "The India ASEAN AOIP-IPOI Cooperation", ORF, New Delhi, <https://www.orfonline.org/expert-speak/the-india-asean-aoip-ipoi-cooperation>

⁴ Refer, ASEAN Secretariat (2023) ASEAN Maritime Outlook, Jakarta, available at <https://asean.org/wp-content/uploads/2023/08/AMO-1.pdf>

cooperation in marine science. The ASEAN Senior Officials' Meeting (ASEAN SOM) as the Lead Sectoral Body for Maritime Cooperation, is at the forefront of coordinating and facilitating cooperation among the ASEAN mechanisms and stakeholders involved. It was accordingly noted in the AMO 2023, that "this Outlook will make a meaningful contribution towards the work of ASEAN Community-building as well as the further strengthening of ASEAN's engagement with external partners. It is also meant to help create synergies among ASEAN's programmes and work plans across the relevant ASEAN Sectoral Bodies, mechanisms and processes."⁵

ASEAN-India Maritime Cooperation

Maritime cooperation is a necessary element in both foreign and security policy frameworks. ASEAN countries and India have been working closely in securing the trade routes, freedom of navigation in international waters, overflights, countering the threat or use of force to intimidate, reducing piracy along the Malacca Straits, cooperating in addressing traditional and non-traditional security challenges, including in areas of de-radicalization, prevention of violent extremism, cybercrime and natural disaster management. and the peaceful settlement of maritime-territorial disputes in accordance with the established principles of international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

The East Asia Summit (EAS) has been giving focus to maritime security and cooperation. This aspect has been discussed also in other ASEAN-centric regional fora such as the 'ASEAN Defence Ministers Meeting Plus (ADMM-Plus)', the 'ASEAN Regional Forum' (ARF) and the 'Expanded ASEAN Maritime Forum (EAMF)'. India is a member of the Expanded ASEAN Maritime Forum (EAMF). India is also an active participant in non-ASEAN-centric regional fora such as the Indian Ocean Rim Association (IORA); the Indian Ocean Naval Symposium (IONS); and the Council for Security Cooperation in the Asia-Pacific (CSCAP).

Notwithstanding their past activities, the ASEAN and India have undertaken collective efforts to address three aspects of maritime cooperation: connectivity, security and cooperation. The priorities of maritime cooperation are to build a safe, sustainable and efficient maritime transport system in the region as well as maintain the security in the ocean.

Maritime cooperation between ASEAN and India has been guided by the 'Plan of Action (POA)' to Implement the 'ASEAN-India Partnership for Peace,

⁵ Ibid

Progress and Shared Prosperity (2021-2025)'. The POA outlines the shared agenda of maritime cooperation.

To add further momentum to maritime cooperation, ASEAN and India issued a 'Joint Statement on Maritime Cooperation (AIJSMC)' at the 20th ASEAN-India Summit on 7 September 2023. Besides, the ASEAN-India Joint Statement on Cooperation on the 'ASEAN Outlook on the Indo-Pacific for Peace, Stability, and Prosperity in the Region (2021)', and the 'Joint Statement on ASEAN-India Comprehensive Strategic Partnership (2022)' also come into play in driving the maritime cooperation activities between the two partners. At the recently held 20th ASEAN-India Summit, leaders of ASEAN and India have reaffirmed the importance of strengthening ASEAN-India maritime cooperation to ensure regional security, stability and growth through ASEAN-led regional architecture and in cooperation with relevant regional bodies. The following are the major takeaways from the AIJSMC.

One, it was agreed to further strengthen ASEAN-India cooperation on maritime safety and security through confidence-building measures, coordinating and sharing best practices on emergency response, Humanitarian Assistance and Disaster Relief (HADR), Search and Rescue (SAR) operations, early warning systems as well as in the areas of countering piracy, armed robbery against ships, trafficking in persons and smuggling of arms and drugs, and combating IUU fishing.

Two, it was agreed to enhance information sharing and capacity building in the maritime domain and strengthen cooperation through specialised bodies in the region.

Three, ASEAN and India agreed to promote cooperation and coordination between maritime authorities and law enforcement agencies through dialogue, exchange of expertise and capacity building and to explore cooperation on the sustainable use of the oceans, seas, and marine resources.

Four, it was agreed to enhance connectivity between ASEAN and India in line with the "Connecting the Connectivities" approach, including in the maritime domain by exploring synergies between the Master Plan on ASEAN Connectivity (MPAC) 2025 and India's connectivity initiatives in the region so as to ensure seamless connectivity in the Indo-Pacific by collaborating for quality, sustainable and resilient infrastructure.

Five, promote cooperation in Blue Economy in the areas of sustainable development of marine resources, marine biodiversity and ecosystem conservation, combating climate change and marine pollution, promoting

green and efficient maritime transport and developing new and renewable energy including marine-based renewable energy, among others.

Six, strengthen collaborative actions between ASEAN and India to prevent and reduce marine debris, including through the implementation of joint actions and partnerships for addressing this challenge, which will contribute to the implementation of the ASEAN Regional Action Plan for Combating Marine Debris in the ASEAN Member States.

Seven, enhance cooperation for conservation and preservation of underwater natural and cultural heritage of ASEAN and India including marine parks of India and those listed as ASEAN Heritage Parks as well as through the ASEAN Cultural Heritage List.

What follows is that the joint statement is an excellent way to provide a direction for cooperation. Nevertheless, ASEAN and India will have to design an action plan and identify tasks to implement the mandates as outlined under the 'ASEAN-India framework to strengthen maritime cooperation'.

Conclusions

ASEAN countries and India have to identify all such challenges and plan collaborative responses, in terms of cooperation among naval forces, coast guards and other law enforcement agencies, capacity-building, deconfliction of naval encounters, and confidence-building at sea.

India in Australia's Quad Paradigm

by
Biren Nanda

How should we view the Quad?

The Quad is not a security alliance. It is a signaling mechanism and has evolved into a provider of global public goods. The Quad has a positive, practical agenda to respond to the region's most pressing challenges, including health security, climate change, infrastructure, critical and emerging technology, cyber security, humanitarian assistance and disaster relief, space, maritime security, countering disinformation, and counterterrorism.

The Quad embodies a long-term effort to shape global order⁶. This struggle co-exists with a vast amount of still mutually beneficial trade and other economic activity. But the world the Quad represents is also one of partial de-coupling and fragmentation, of national economic sovereignty, "trusted" supply lines and divided technology realms. The net result is a complex new duality of simultaneous competition and interdependence, with higher degrees of risk.

How do India and Australia View the Quad?

Australia and India are closely aligned in their views on the function of the Quad. While both India and Australia have stressed that the QUAD is not an anti-China alliance, the context in which the QUAD was revived cannot be overestimated. India's perspective within the Quad is quite distinct: it upholds multipolar stability and an equitable regional order based on cooperation and not dominance.

Australia on the other hand is committed to its security alliance with the United States, which it regards as the leading and dominant power in the region. However, India and Australia agree to work together to uphold a 'rules-based order' and are increasingly convergent on the threat to 'good order' in the region.

Foreign Minister Penny Wong says that the Quad is emblematic of an Australian foreign policy heavily geared to the search for a favorable "strategic

⁶ Maude, Richard (February 9, 2022) How to understand the Quad- a short guide for Australian business. Asia Society
<https://asiasociety.org/australia/how-understand-quad-short-guide-australian-business>

equilibrium” in the Indo-Pacific⁷ in which “no country dominates, and no country is dominated”. Canberra sees the economic and military weight of the United States, Japan, and India as critical to these endeavors, in and out of the Quad format.

Both India and Australia do not wish to alienate China, but both countries do not wish to see the emergence of a Sino-centric order. India and Australia do not want to project the Quad as an anti-China alliance. The idea is to build a loose coalition that aims at constraining China while avoiding a rise in tensions with China. In this context the Quad’s signaling function is important. With an eye to regional sensitivities, Australia and India highlight a rules-based order and not the group’s democratic credentials.

China’s rise and assertive behavior has been a source of concern to both India and Australia. While India prioritizes its territorial disputes with China and China’s growing naval presence in the Indian Ocean, Australia is concerned about growing tensions in Sino-US relations and the undesirable prospect of having to choose between its ally and its leading trade partner.

There are nuanced differences in the threat assessments of Australia and India. India is more concerned about the Chinese threat across the continental domain. Australia is concerned about the Chinese threat in the maritime domain, Chinese interference in Australia’s domestic politics, and Chinese attempts at economic coercion. However, both countries remain wary of China’s destabilizing activities in their respective neighborhoods.

Assessing the prospects for the Quad starts with the common interests that have drawn the four countries together. These can be grouped into geostrategic interests and those concerning the nature of the international order. **First**, all four nations share an abiding interest in maintaining a stable balance of power in the Indo-Pacific and preventing a regional state from becoming dominant. **Second**, all four states share an interest in deterring the use of forceful or coercive practices to resolve political and territorial disputes in the region. **Third**, as trading nations all Quad members share a deep interest in maintaining a maritime order based on the free movement of goods and services across the world’s oceans. **Fourth**, since China seeks to lead in key technology areas as part of its desire to become the Asian hegemon by 2050, Quad members share a common interest in limiting the flow of sensitive technologies to China. Restructuring semiconductor supply chains to exclude

⁷ Maude, Richard (May 2023) Quad from the Four Corners. Asia Society Policy Institute. <https://asiasociety.org/policy-institute/quad-four-corners>

China has become a key priority for the Quad. Building resilient, diverse and secure technology supply chains for hardware, (semiconductors) software, (cyber-security and emerging technologies) services and the harmonization of standards and benchmarks is a key objective in line with Quad members' national interests. **Fifth**, the Quad has adopted a wide array of global initiatives related to the pandemic and climate change. **Sixth**, the Quad has adopted an infrastructure partnership that focuses on sustainable development and transparency that could provide a viable alternative to the BRI.

The **Quad** is essentially a 3+1 forum as India is not in alliance with the others. India's perspective within the Quad is quite distinct: it upholds multipolar stability and an equitable regional order based on cooperation and not dominance. Furthermore, despite the common embrace of the Indo-Pacific as the regional architecture, the US and its allies are mainly focused on Asia Pacific security and their military deployments also focus on the Asia Pacific. Broadly speaking India must meet her continental security challenges on her own.

How Should India and Australia address regional security challenges?

Considering that the Quad has evolved into a framework that delivers global goods and is a non-military and non-security arrangement, India and Australia would be better off addressing regional security challenges bilaterally. India and Australia are well placed to cooperate in addressing the challenges in the Indian Ocean Region. In the eastern Indian Ocean, India and Australia can cooperate in shaping a regional architecture in the Bay of Bengal which has emerged as a zone of economic and strategic competition in the region, and where China is developing connectivity corridors for its western provinces to the Bay of Bengal and the Indian Ocean. These corridors have the potential for creating growing security challenges for India and Australia in the future. The two countries must also cooperate in ensuring the security of SLOCs and vital choke points for international shipping in the Eastern Indian Ocean.

Rising tensions between the Philippines and China in the South China Sea

by

Anshita Shukla

The A long-standing bone of contention between the Philippines and China in the South China Sea, has recently witnessed intensified escalation. The latest in the series being the twin collisions near the Second Thomas Shoal on October 22, with each side blaming the other for 'provocation'⁸. Despite the 2016 ruling of the Arbitral Tribunal in favour of the Philippines, China continues to claim a large portion of the sea as reflected by its newly released standard map of 2023. The Philippines, under the Marcos administration, has moved away from his predecessor's policy of appeasement towards China, towards a stronger condemnation of the country's actions in the disputed waters.

Upon coming to office in June 2022, President Marcos made his first official visit outside Southeast Asia to Beijing, bagging investment pledges of up to \$22 billion and establishing a communication hotline. Two months after this successful visit, the Philippine Coast Guard accused the Chinese Coast Guard of flashing a 'military grade laser' at a Philippines vessel on a resupply mission to the Second Thomas Shoal on February 6⁹. The Philippines Foreign Ministry characterised the actions of the Chinese Coast Guard as "disturbing and disappointing", leading the President to lodge a high-level complaint.

In another attempt to block a resupply mission, China's coast guard vessel fired a water cannon at the Philippines coast guard vessels in August. The U.S., Japan, Australia, Germany, the United Kingdom, and Canada joined the Philippines in condemning the actions of China. However, China maintained that the Philippines violated China's sovereignty and was thus "lawfully intercepted"¹⁰. Post the firing of the water cannon, the Philippines officials reported calling the emergency hotline to China for six hours without any answer. In October, the Philippines carried out a "special operation" to remove

⁸ South China Sea: Beijing and Manila trade accusations over 'provocative' ship collisions near disputed atoll, [South China Morning Post](#), October 22, 2023.

⁹ Philippines accuses China of using 'military-grade' laser against its vessels in South China Sea, [The Economic Times](#), February 14, 2023.

¹⁰ Video Shows China Blasting Water Cannon at Philippines Coast Guard Boat, [The New York Times](#), August 7, 2023.

a 300-metre floating barrier installed by China near the Scarborough Shoal, restricting access to Filipino fishers¹¹.

A few days before the laser incident in the South China Sea, the Philippines announced its plans to accelerate the implementation of the Enhanced Défense Cooperation Agreement (EDCA) with the United States¹². Out of the four newly agreed locations, two bases are in Isabela and Cagayan and face north towards Taiwan while Palawan is near the Spratly Islands in the South China Sea¹³. China's embassy in Manila reacted strongly to the expanded agreement stating that this "will seriously harm Philippine national interests and endanger regional peace and stability"¹⁴.

Tensions between the two countries were further exacerbated as the Philippines released its National Security Policy 2023-28 which referred to the danger of conflict in the Taiwan Straits as a "major security concern"¹⁵. This was followed by China releasing the 2023 edition of the 'Standard Map of China' on August 28. The map released by the Ministry of Natural Resources of China featured a ten-dash line¹⁶ which lays China's claims on the eastern parts of the South China Sea, which falls within the Exclusive Economic Zone (EEZ) of the Philippines¹⁷. The Philippines rejected the new map urging China to "act responsibly" and evoked the 2016 Arbitral Award¹⁸.

The Marcos administration has since adopted a stronger rhetoric and a muscular policy towards China in the South China Sea, as opposed to his predecessor.¹⁹ The country, under Marcos, has lodged over 97 diplomatic protests over China's activities in the West Philippines Sea²⁰. Under his leadership, the Philippine Coast Guard began publicly exposing Chinese incursions in the West Philippine Sea. The videos and photos sparked domestic outrage with 80 per cent of Filipinos supporting the formation of new alliances

¹¹ Philippines removes floating barrier in South China Sea, [The Japan times](#), September 26, 2023.

¹² Philippines, U.S. Announce Four New EDCA Sites, [U.S. Department of Défense](#), February 1, 2023.

¹³ Philippines reveals locations of 4 new strategic sites for U.S. military pact, [Reuters](#), April 3, 2023.

¹⁴ China: New EDCA sites to 'seriously harm' PH, [Inquirer.net](#), March 13, 2023.

¹⁵ National Security Policy 2023-2028, [National Security Council of Philippines](#), August 15, 2023.

¹⁶ China's ten-dash line ups ante with the Philippines, [Asia Times](#), September 1, 2023.

¹⁷ Philippines joins Malaysia, India in rejecting new Chinese map over disputed territories, [The Straits Times](#), August 31, 2023.

¹⁸ Philippine Statement on the 2023 Version Of China's Standard Map, [Department of Foreign Affairs](#), August 31, 2023.

¹⁹ Philippines condemns Chinese 'floating barrier' in South China Sea, [Reuters](#), September 24, 2023.

²⁰ 97 diplomatic protests filed vs China under Marcos, [Philstar](#), July 7, 2023.

to defend the country's maritime rights, according to a survey by 'Pulse Asia'²¹. It also drew international attention to China's assertive actions in the South China Sea. The publicity campaign highlights the conditions and limitations of the Philippine Coast Guard due to underfunding - stagnant since 2009 at 10 million PHP annually in intelligence funds²².

The South China Sea (SCS) is of critical importance to both China and the Philippines. As the global energy crisis looms large, the SCS hosts a huge reserve of natural resources estimated at 11 billion barrels of untapped oil and 190 trillion cubic feet of natural gas. Through its EEZ, the Philippines claims an estimated 6,203 million barrels of total oil resources and 12.158 billion cubic feet of total gas resources, according to the Philippines Department of Energy²³. The sea carries an estimated one-third of global shipping, making it one of the world's most important shipping routes²⁴. In addition, SCS has abundant fishery reserves.

For China, the South China Sea has strategic importance beyond economic gains. The Sea could serve as a potential 'security buffer' for China around its coastline. China's construction and fortification of artificial islands in the SCS allows it to undertake the forward-deployment of its forces. Collin Koh, a Senior Fellow at the Institute of Defence and Strategic Studies at Nanyang Technological University Singapore, argues that in Beijing's larger security calculations, SCS is the "southern flank that China has to secure in the event of a conflict over Taiwan"²⁵.

The policy options for the Philippines to counter China's growing assertiveness in the South China Sea are limited. As Beijing remains Manila's top trading partner and import supplier, it is unlikely that the two countries will decouple. A divided ASEAN lacks the consensus to effectively negotiate with China over the region's maritime concerns. As tensions between the two countries are likely to persist, Manila must pursue a policy of hedging against Beijing's worst intentions, while pushing back on maritime issues. In light of this, the Marcos administration has chosen to pursue new partnerships and expand the scope of existing defence arrangements. In 2023, the Philippines began or signed new defence arrangements with Australia, the European Union, India, and Japan.

²¹ 80 percent of Filipinos back alliances defending Philippine territory – survey, [Philstar](#), July 13, 2023

²² Solon wants more funds for PCG, [Philippines News Agency](#), August 24, 2023.

²³ Territorial Disputes in the South China Sea, [Council on Foreign Relations](#), June 26, 2023.

²⁴ How Much Trade Transits the South China Sea?, [China Power](#).

²⁵ 'Risk of miscalculation' rises in South China Sea as Beijing ramps up aggressive tactics, [The Guardian](#), October 18, 2023.



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