

NATIONAL PATRIMONY AND SO MUCH MORE: THE CASE OF SOUTH CHINA SEA¹

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More than two years after the *Tribunal on the South China Sea Arbitration* issued its decision on the conflicting claims of the Philippines and China on the South China Sea (or West Philippine Sea), the dispute heats up once again when Chinese Coast Guards shooed away a team of Filipino television news crew saying that they were in the “*sea area of the People’s Republic of China*,” and that they had to secure permission from Beijing before they could conduct interviews or any activity in the area. (Mangosing) Ironically, this happened despite the Tribunal ruling in favor of the Philippines.

Although China has adamantly dishonored the Tribunal, contending that it does not have jurisdiction on the matter (Ministry of Foreign Affairs of the People's Republic of China) , the international court proceeded hearing the case on the basis of the United Nations Convention on the Law of the Seas or UNCLOS, to which both the Philippines and China are signatories.

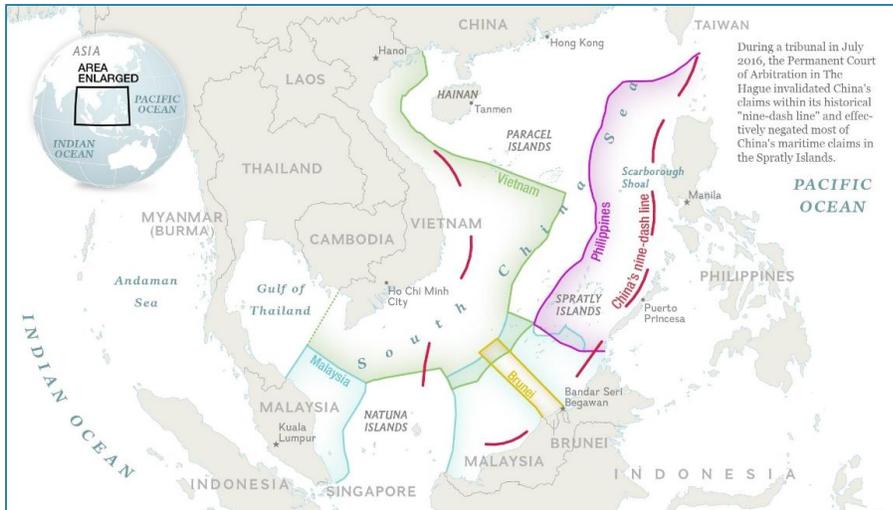
The Law of the Sea

UNCLOS is the law that governs the earth’s oceans. To honor UNCLOS is to uphold the rule of law. Its conciliation provision is a mechanism that helps nations resolve disputes in a peaceful, fair and equitable manner. As parties to the Convention, China is not exempt from the mechanism for the resolution of disputes set out in UNCLOS. In addition, pursuant to Article VII of the Convention, China’s non-participation to the proceedings does not deprive the Tribunal of jurisdiction.

The decision in favor of the Philippines should have settled the dispute. The Tribunal concluded that the Philippines has exclusive economic zone (EEZ) running 200 nautical miles from its coast, debunking China’s claims to living and non-living resources within the 9-dash line supposedly founded on historic rights. The Tribunal resolved that China’s claims have been extinguished upon signing the UNCLOS.

According to Judge Stanislaw Pawlak, one of the appointed judges in the Arbitral Tribunal, “*the award was done to protect rights and clarify obligations of states with respect to the Convention under the auspices of International Law.*” “*The alternative,*” he added, “*would be domination of greater power politics.*”

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The conflicting claims of various states- China, the Philippines, Vietnam, Malaysia and Brunie are shown in this photo. Credit: National Geographic

What gives?

Considering these backdrop of events, it comes as a surprise why President Duterte never falls short in adulation to his Chinese counterpart. He was quoted to saying “I simply love Xi Jinping. He understands my problem and is willing to help. Thank you, China.”

Or not, surmising where the indebtedness might be coming from.

Socio-economic Secretary Ernesto Pernia reported that the Philippine economy grew by 6.8% in the first quarter of 2018, owing mostly to government expenditures. (Paz) Public construction and government consumption have been the primary drivers of the economy. Some sectors, however, have not been rosy. Agriculture, fishery and forestry sectors have suffered losses. Imports and exports have also been dwindling.



Photo Credit: Rappler

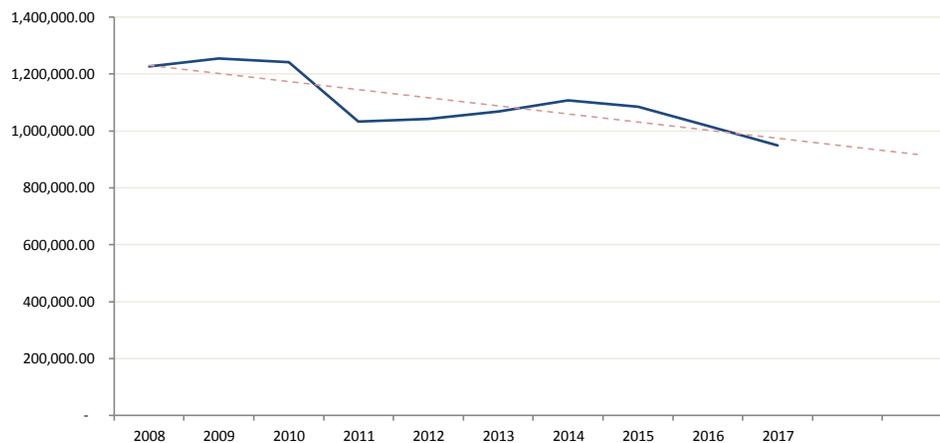
Building a legacy

The Duterte Administration is embarking on 75 flagship infrastructure projects that are set to fill in the gaps of the past administrations. Included are the construction of six airports, nine railways, three bus rapid transits, 32 roads and bridges, and four seaports. These infrastructures are hoped to lure investments in the countryside, create jobs and improve rural incomes, bring down the costs of production and improve logistics and mobility of people. (Heydarian)

Budget Secretary Benjamin Diokno estimated that a total of \$167 billion is needed to finance these projects under the “Build, Build, Build” scheme. The money would be sourced from China and is projected to balloon to \$452 billion, which makes the Philippines’ debt to GDP ratio to 197%, placing the country to *second-to-worst* in the world. (Corr)

There are no official data on how the decline in the Agriculture and fisheries sector might be attributed to China’s assertion in the South China Sea. The Philippines is always frequented by typhoons that have significantly driven down agricultural production. There has also been an aggregate reduction in fish production. Historical data from the Philippine Statistics Authority show that since 2008, there has been an average annual decline of 2.6% in the volume of commercial fishery production in the country.

**Volume of Commercial Fishery Production,
Philippines, 2008-2017, Metric Tons**

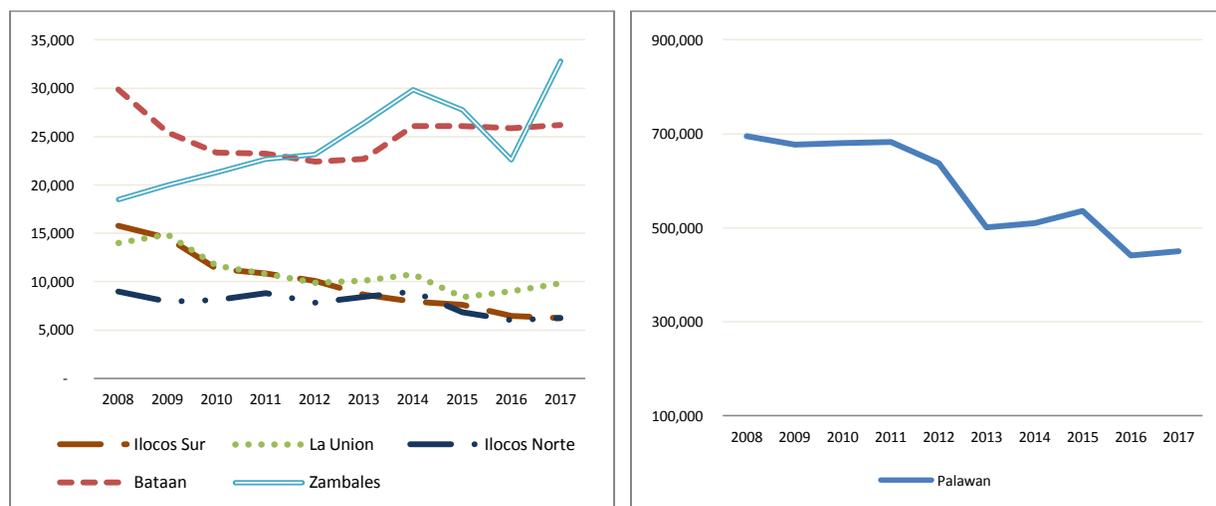


Author’s tabulation based on Philippine Statistics Authority data.

Seven coastal provinces source their fish catch from the South China Sea. These are Ilocos Norte, Ilocos Sur, La Union, Pangasinan, Zambales, Bataan and Palawan. There have been news reports and anecdotal evidence of Filipino fisher folks in these provinces who have aborted fishing in the disputed area out of fear.

Chinese coast guards have been forcefully asserting their claims in the area, to the point of attacking the boats of Filipino fishermen. Rather than risk their lives, the fishermen decided not to fish in the disputed area after the harassment. (Bale)

Volume of Fishery Production, South China Sea Coastal provinces, 2008-2017, Metric Tons



Author's tabulation based on Philippine Statistics Authority data.

According to the historical data on fish production in the coastal provinces of the Philippine facing the West Philippine Sea from the Philippine Statistics Authority, there's a generally decreasing volume on fish catch in these areas, except for the provinces of Zambales and Pangasinan which managed to increase their fish production. The rest- Ilocos Norte, Ilocos Sur, La Union and Palawan provinces have had decreasing fish catch since 2008.

Further studies are however required to establish whether the decrease in the volume of fish production in these coastal provinces is due to the encroachment of Chinese Coast Guards in the West Philippine Sea.

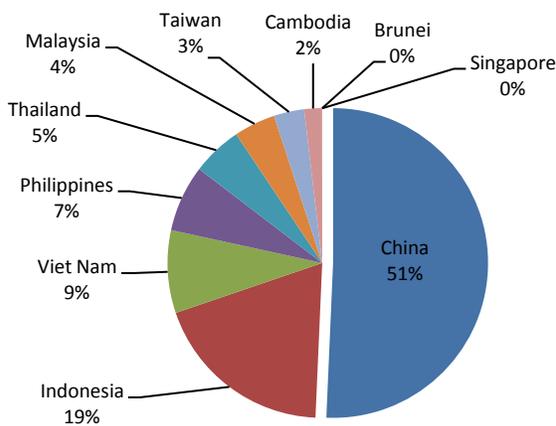
Volume of Fishery Production, West Philippine Sea Coastal Provinces, 2008-2017, Metric Tons														
Year	Ilocos Norte		Ilocos Sur		La Union		Pangasinan		Bataan		Zambales		Palawan	
	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
2008	8,996		15,786		13,981		110,606		29,875		18,504		694,871	
2009	7,912	-14	14,523	-9	14,883	6	100,372	-10	25,445	-17	19,949	7	676,813	-3
2010	8,118	3	11,313	-28	11,656	-28	106,420	6	23,373	-9	21,290	6	680,163	0
2011	8,808	8	10,847	-4	10,800	-8	119,808	11	23,234	-1	22,637	6	682,379	0
2012	7,814	-13	10,093	-7	9,890	-9	117,745	-2	22,424	-4	23,154	2	637,304	-7
2013	8,439	7	8,634	-17	10,078	2	128,517	8	22,667	1	26,449	12	501,549	-27
2014	8,992	6	7,954	-9	10,768	6	146,480	12	26,098	13	29,834	11	510,280	2
2015	6,828	-32	7,629	-4	8,431	-28	139,001	-5	26,072	0	27,766	-7	536,543	5
2016	6,037	-13	6,457	-18	9,022	7	135,757	-2	25,877	-1	22,624	-23	441,789	-21

Author's tabulation based on Philippine Statistics Authority data.

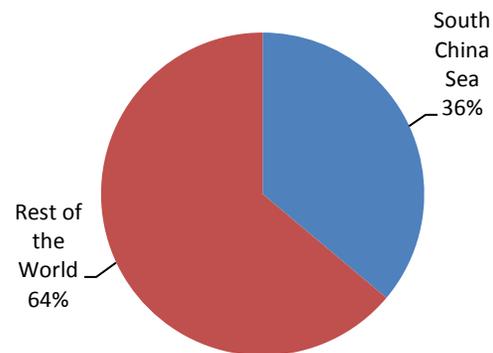
South China Sea is an important source of fish to nine other countries: China, Indonesia, Viet Nam, Philippines, Thailand, Malaysia, Taiwan, Cambodia, Brunei and Singapore. According to the data from the Fish and Agriculture Organization, about 36% of world fish catch in 2014 were sourced from these countries surrounding the South China Sea. Of this, 51% were captured by China.

Philippine data dwarfs when viewed vis-à-vis China’s volume of fish production.

Indonesia and Viet Nam are the two other countries that surpass fish production of the Philippines. (Fishery and Aquaculture Statistics)



Fish Production by Capture, per country Surrounding South China Sea, 2014



World Fisheries Production by Capture, 2014

World Fisheries Production by Capture, 2014, Top 10	
Country	Capture
China	17,106,547
Indonesia	6,436,715
USA	4,975,947
India	4,718,821
Russian Fed	4,225,556
Myanmar	4,083,270
Japan	3,660,966
Peru	3,573,371
Viet Nam	2,919,200
Philippines	2,350,886
World Total	93,445,234

Source: Food and Agriculture Organization

Fish Catch, 2014	
Country	Capture
China	17,106,547
Indonesia	6,436,715
Viet Nam	2,919,200
Philippines	2,350,886
Thailand	1,769,546
Malaysia	1,464,071
Taiwan	1,068,278
Cambodia	625,255
Brunei	3,186
Singapore	1,433
South China Sea	33,745,117
Rest of the World	59,700,117
World Total	93,445,234

Furthermore, data from World Atlas provide the major exporting countries of fish and sea foods. Forty percent are sourced from South China Sea, and twenty five percent are from China. (Nag)

Top Fish and Seafood Exporting Countries (US\$ billion)	
China	14.1
Norway	8.8
Vietnam	5.8
USA	5.1
India	4.6
Canada	4.2
Chile	4.0
Sweden	3.7
The Netherlands	3.13
Indonesia	3.11
Total	56.54

Source: World Atlas

Follow the sea

One could not understate the importance of South China Sea. Apart from fish catch, nearly half of the top trade routes shipped in 2017 pass through it. Liner trade is mostly dominated by East Asian economies which account for about 60% total export value. China, Hong Kong and Chinese Taipei, meanwhile, account for 28% of the value of liner exports and 30% of the global volume of containerized exports. (World Shipping Council)

Top Trade Routes (TEU) Shipped 2017	
Route	Total
Asia-North America	26,572,000
Asia-North Europe*	15,063,000
Asia-Mediterranean*	7,913,000
Asia-Middle East*	4,740,000
North Europe-North America	5,404,000
Asia-East Coast South America*	2,074,000
North Europe/Mediterranean-East Coast South America	1,680,000
North America-East Coast South America	1,268,000
Total	64,714,000

*passes through South China Sea

Already, China dominates world trade. According to the World Bank, China's GDP has sustained an average growth of 10% a year, the fastest sustained expansion by a major economy in history. This is astounding as it has lifted 800 million people out of poverty. Currently, it is the second largest economy in the world next to the US, but it is being forecasted to overtake its rival in the next decade. (The World Bank in China)

Exerting dominance

As a growing world economic power, China is reviving an ancient trade route to reopen channels and expand links to Asia, Africa and Europe. Its *One Belt, One Road* Action Plan released in 2015 identifies Chinese infrastructure investments to improve land and maritime routes. Envisioned to create a "new era of globalization", *One Belt, One Road* is an \$8 trillion infrastructure project covering 68 countries, and encompasses about 65% of the global population. (Bruce-Lockhart)

To solidify its stature as in the region, China has also roundup support from other ASEAN member states to build a new *maritime silk road* that would facilitate trade in South East Asia. (Jiao and Zhang) It established a \$40 billion *Silk Road Fund* for that purpose and has allocated \$23 billion development cooperation and preferential loan funds for ASEAN states (Penghong).



Photo Credit: Lowy Institute

Solidifying sphere of influence

Taking advantage of the friendlier Duterte administration, China is set to entrench its influence in the country by engaging in joint oil exploration activities in the West Philippine Sea, construction of Chinese Industrial parks in the Philippines, and establishment of a Chinese consular office in the City of Davao, where President Duterte resides and used to govern as Mayor before being elected as president. In his recent state visit, Mr. Xi openly expressed support to the Duterte administration in its massive infrastructure projects and anti-illegal drugs campaign. (Jinping)

Win the battle, lose the war

Supreme Court Justice Antonio Carpio elaborated on how the Philippines could fortify the Arbitral ruling in its favor. He recommended that the Philippines ask for damages in relation to destruction of marine ecosystem. In recognition of the fact that the Tribunal is not able to enforce its decision, he said that the Philippines could rely on state and non-state actions to influence adversaries to shift

policy towards consistency with International Law- the Philippines could negotiate on the basis of UNCLOS.

Eighty seven percent of Filipinos are of the opinion that it is crucial for the country to regain control in the West Philippines. (Cabico) The December 2018 SWS Survey supports this claim with 88% of respondents saying that it is not right to leave China alone with its infrastructures and military presence in the claimed territories. Ninety three percent believe that the Philippines should strengthen its military capabilities, especially the Navy. (Mangahas)

President Duterte has been more concerned with appeasing Beijing for short-term gains, but sacrificing our long-term interests. The administration, worried over things it can accomplish within its six-year term, abandoned our victory over the South China Seas and its rich maritime resources. As a result, our government failed to capitalize on this important maritime and natural resource. Our government is giving away what is rightfully ours, and selling the future of the next generation of Filipinos. ###

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