

## Maritime security in Asia: what the EU can do

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» Maritime security may be the defining issue for Asia's geopolitical and security architecture in the twenty-first century. As Europe's growth is contingent on Asia's prosperity, ensuring unrestricted navigation in Asia's waterways is thus of the utmost strategic interest to the European Union. Given that Asia's geopolitical hotspots will increasingly revolve around maritime zones, the EU needs to begin engaging on the issue of maritime security.

Growing instabilities in an increasingly integrated Asia menace EU interests. Almost 90 per cent of global trade, and the same share of EU external trade, travels by sea. Freedom of navigation is a precondition for global growth. Some of the world's busiest and most crucial waterways are found in Asia. South East Asia in particular has a delicate maritime scenario, in which such issues play a big part in foreign relations. These issues remain highly complex. Territorial overlaps are unavoidable. Bottlenecks like the Straits of Malacca, Sunda Straits, and Lombok and Makassar Straits are strategic gateways for the transport of goods and energy resources from Europe and the Middle East to East Asia and the Pacific Rim, and vice versa. The Straits of Malacca, connecting the Indian Ocean to the Pacific via the South China Sea, is the bottleneck of the most strategic importance internationally – perhaps with the sole exception of the Strait of Hormuz. As the transport of energy becomes a mounting concern to fuel an ascendant Asia, any blockage of these vital bottlenecks is likely to cause a hike in the price of oil.

### Highlights

- The EU's growth and economic prosperity are contingent on a dynamically ascendant, increasingly integrated Asia.
- Greater political engagement and participation in Asia's geostrategic issues will be vital for the EU's own image as a global actor.
- As Asia's geopolitical hotspots increasingly revolve around maritime zones the EU should begin to engage on the issue of maritime security.



Sovereignty disputes over maritime territory increase the threat of armed conflict in the world's fastest growing region. Piracy, terrorism and the risk of maritime disasters such as collisions, groundings or spills intensify the volatility of the area. The region's geography reflects this dynamic: concave coastal areas, 'turning points' and numerous islands over which sovereignty is disputed, can require clearance agreements at times from three or more countries. A collective management of maritime resources is furthermore missing.

### **STRAITS OF MALACCA**

The slender Straits of Malacca are just 2.8km at their narrowest point in the Phillip Channel near Singapore. They are also shallow: a mere 23m deep on average. A third of the world's merchant fleet tonnage passes through these waters, including around a quarter of all oil carried by sea. The Maritime Institute of Malaysia states that around 75,000 ships pass through these waters annually. Japan predicts that this figure will reach 114,000 ships by 2020. Traffic moves frustratingly slowly.

These waters are undeniably significant for the Association of Southeast Asian Nations (ASEAN) member states and their North East Asian neighbours. A quarter of Chinese imports and 15 per cent of its exports traverse these narrow straits. According to the International Energy Agency, 77 per cent of Chinese and 80 per cent of Japanese oil imports are transported through the Straits of Malacca. More than 75 per cent of South Korea's oil from the Middle East also passes through them.

The EU is a leading trade partner for all these countries and thus has a stake in free passage through these waters. Trade flows are set to rise and the EU is working hard to develop a web of free trade accords across the region. Growing energy requirements from some of the fastest growing economies in the region will create even more pressure. Alternative routes are less feasible. The Sunda Straits are even shallower and narrower, with greater risks (sand banks, tidal flows, oil rigs). While the Lombok Straits leading to the Makassar Straits are deeper, wider and less congested, journeys through them take longer.

Major legal issues abound in the Straits of Malacca. The 1982 UN Convention on the Laws of the Sea (UNCLOS) essentially covers the entire area of South East Asia's marine zones encompassed under territorial seas, Exclusive Economic Zones, contiguous zones and archipelagic waters. Complexities are aggravated by legal and management disputes amongst littoral states. Indonesia and Malaysia disagree over overlapping jurisdiction and Kuala Lumpur employs straight baselines to measure its territorial waters. They oppose any international management of the straits which they believe would compromise their sovereignty. Both have rejected the US proposal for a Regional Maritime Security Initiative. While a Cooperative Mechanism was launched in 2007, enabling user states and shippers to assist littoral countries to fulfill their responsibilities in securitisation, such contribution explicitly excludes maritime security; it is limited to environmental protection and other areas of safety.



**As Asia is increasingly integrated a disruptive event could unravel the entire region and engender a serious dip in global trade**

Given that these waters fall under international freedom of passage laws, mandatory transit fees are not imposed. Ensuring sea lane safety thus falls entirely on the littoral states. Perceptions, priorities and capacities vary amongst the three littorals. Singapore has the busiest sea port but the most limited sea space; it has more resources and sophisticated

technologies for traffic management, including an advanced ship tracking mechanism whose radars can track up to 70,000 ships simultaneously. Its Changi C2 Centre, currently under construction, will be a state of the art information and response coordination centre, contributing to national and international collaboration. But Malaysia and Indonesia are visibly less well equipped and more relaxed about piracy and

maritime crime than about illegal fishing, smuggling, tourism and environmental issues. Indonesia prioritises the Straits of Lombok and Makassar more than the Straits of Malacca for its own use. Malaysia is also less preoccupied with the Straits of Malacca as Kuala Lumpur's attention remains consumed by its South China Sea dispute. Coordination gaps amongst state agencies are large and those amongst the littorals even wider. Provinces supersede state jurisdiction over coastal areas at times, as is the case with Indonesia.

Cooperative mechanisms do exist. The Malacca Straits Council (MSC) established

in 1969 provides aids to navigation and navigational safety. The Tripartite Technical Experts Group coordinates measures between the three littoral nations. The Malacca Straits Patrol (MSP) includes the three littorals and Thailand, and encompasses a set of practical measures to ensure security in the Straits of Malacca. The MSP surveillance framework includes the Malacca Strait Sea Patrol, the air patrol 'Eyes in the Sky Programme', an Intelligence Exchange Group and a Joint Coordinating Committee. Piracy is almost non-existent in these straits, but more needs to be done to increase capacity. An Aids to Navigation Fund operational since May 2008 was set up to receive voluntary contributions from user states.

### THE SOUTH CHINA SEA

The geostrategic significance of the South China Sea (SCS) is immeasurable. It is a conduit for more than a third of global trade transported by sea, and half of its traffic in oil and gas. One of the busiest waterways in the world, it is estimated to hold oil reserves of around 213 billion barrels and gas deposits of around 3.8 trillion cubic metres. Both could supply China's energy needs for decades if proven. Its strategic significance is compounded by regional power-jockeying characterised by sovereignty disputes and competing international influences. The vast majority of maritime transport from Asia's pressure points empties out into the SCS and passes through to the Pacific Ocean. The increasing volume of trade will only compound the pressure. The Trans-Pacific Partnership will involve 12 Pacific



countries, with whom EU trade is already substantial. The EU is already China's leading trade partner and an FTA with Japan will boost volumes significantly.

Key issues in the SCS are sovereignty disputes, energy deposits and security. The SCS is disputed between China, four ASEAN member states (Malaysia, Vietnam, the Philippines, Brunei) and Taiwan. Two core groups of disputed islands include the Spratlys (claimed wholly by China and partly by the Philippines, Vietnam, Malaysia and Brunei) and the Paracels (disputed by China and Vietnam). The Spratlys are believed to contain considerable oil and gas reserves. The SCS has already seen armed conflict amongst disputed parties. Tensions rose in 2009 when China, Vietnam and Malaysia formally submitted their claims under UNCLOS. China asserted sovereignty over the entirety of the SCS, demarcated by a 9 dash line, averring 'historical claims and rights'. While other international mechanisms for dispute settlement exist, such as the International Tribunal for the laws of the Sea (ITLOS), a solution is not guaranteed and governments are often presented with a *fait accompli*. As a result, China has rejected the Philippines' request to approach the ITLOS.

Given the Sea's importance, these issues are of international significance. But China warns against any internationalisation, mandating bilateral negotiations amongst concerned parties instead. However given the great disparities in size, economic influence and armed strength amongst the disputants, such an approach is weighted in China's favour. ASEAN provides an alternative where China's advantages of scale

are diluted, especially given that ASEAN and China share a free trade zone since 2010.

The ASEAN forum has been instrumental to a certain extent. In November 2002, the 10 foreign ministers of ASEAN and China signed a Declaration on the Conduct of Parties in the South China Sea (DOC). This calls for peaceful resolution of the dispute and other cooperative measures. But prevailing conflicts question the effectiveness of the DOC's leading states in calling for a more legally binding code of conduct. Much to China's chagrin, the SCS issue is increasingly being discussed by third parties at ASEAN-sponsored venues like the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers Meeting and the East Asia Summit (EAS).

ASEAN itself is divided. Only four of its 10 members are claimants. Its own security structure is not streamlined and regional cooperation remains problematic. Furthermore, China is able to curry favour in Burma, Laos and at times, even Indonesia. The greatest danger is that military rivalry is turning the region into a crucible of geopolitical tension. Antagonism between regional powers like the US, India and Japan can have a disruptive impact on the entire region. The US 'pivot' towards Asia is seen as a counter-balance to China but is set to bring about a militarisation of the region. It has also to some extent eroded ASEAN centrality in security policy. The US has already deployed 36 attack submarines and six carrier groups in the Pacific and has agreed with Australia the stationing of 2500 troops in the port city of Darwin within five years. The recent renewal of its Mutual Defence Treaty with Manila adds to the disquiet. The US Secretary



of State, Hillary Clinton's use of the phrase 'West Philippines Sea' in a recent visit to Manila counter its protestations of neutrality.

The situation could easily escalate. Amid a growing arms race in Asia - countries have boosted arms purchases by over 50 per cent in the past five years - the region bears the hallmarks of incipient geopolitical struggle. Whilst China and the US seek to assert their interests in Asia, China will nonetheless refrain from a military showdown which could harm neighbouring relations and contradicts its desire for a peaceful ascent. The EU's biggest concern should therefore be in pursuing its own interest of a stable and dynamically growing Asia for which peace is essential.

### BRINGING IN THE EU

The EU has kept a relatively low profile in South East Asia's maritime tensions despite sizeable navigational interests. Whilst holding maritime stability vital, it cannot be seen to meddle. For now the EU's overall political engagement in South East Asia remains negligible. It is hindered by divisions between member states, especially over policy towards China.

The EU will not be a lead player in Asian maritime security but could be doing more to encourage solutions, to a degree consistent with its economic weight. The EU's main interests lie in ensuring the stability of global commons and maintaining Sea Lanes of Communication open. It must also be more seized of the risk of bellicose conduct, especially in the SCS. As Asia is increasingly integrated in commercial terms, a disruptive

event could unravel the entire region and engender a serious dip in global trade. This is the very real risk of 'the Asian century'. Thus it is imperative to channel parties towards a peaceful settlement of their rumbling disputes.

The EU must engage in constructive diplomacy and conflict management to prevent a great power conflict in South East Asia. Given its projection as a neutral power, it can propose and encourage cooperative solutions that address the roots of the conflicts, based on international law. An inclusive China is a must for regional stability; a China that feels contained will be more introverted and hostile. Political engagement conferring confidence and trust must be stepped up. The EU is ASEAN's major trade and investment partner; yet it has been inactive in ASEAN regional forums like the ARF. The EU is conspicuously mute on security issues in contrast to the vocal dynamism of the US.

Visibility is key; the EU must participate in Asian forums like the ARF. While membership in the East Asia Summit remains an ambition, the EU must ensure regular visits of top officials to the region, including smaller ASEAN states. The EU must place a premium on working towards a comprehensive multilateral, multilayered framework involving all regional players to allay fears of mistrust and weak cooperation. Cooperative security institutions can also greatly reduce tensions. The rule of law must be underlined even if disputes go on for decades. The EU should encourage all disputants to clarify their claims and facilitate dialogue and discussion.

In the Straits of Malacca, the EU must pursue effective maritime partnerships that



build on its main attraction: soft power. Little is being done so far; there is scope to expand. The EU can play a positive role in maritime issues by providing technical assistance to the littoral states and sharing legal expertise which could contribute to better management of the Straits. The EU can do much more to institutionalise the process of regional frameworks. The ASEAN Maritime Forum could be reinvigorated and the ARF ISM on Maritime Security more effectively supported. Disaster management cooperation can be enhanced by working together with the littoral states to develop contingency plans. The EU can contribute to empowering the capability and role of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships (RECAAP) as an effective clearing house of information and also consider membership in the future. RECAAP includes ASEAN states (except Indonesia and Malaysia), Japan, China, Korea, India, Bangladesh and Sri Lanka. A nominal financial contribution from the EU towards the Aids to Navigation Fund would go a long way not only in terms of visibility but also embedding cooperation. The Fund already receives support from countries like Saudi Arabia, South Korea and the UAE amongst others. Effective multilateral institutions, such as a Users Consortia for the better management of the Straits of Malacca, are required where regional cooperation can develop.

In the November 2011 EU-ASEAN senior officials meeting in Warsaw, the EU did encourage ASEAN to pursue a more unified approach and the EU offered to share expertise on the joint management of maritime

resources and its fisheries policies. The EU has resolved serious disputes in the Baltic and the Mediterranean Sea, but has offered to share its expertise only with ASEAN as a group and not with its member states individually. Given that ASEAN is divided internally, this has stymied uptake of the offer. The EU fisheries and maritime model may not be replicable in ASEAN, of course. The EU must instead first foster consensus amongst ASEAN members, building greater confidence through political engagement and support through the ARF. While the political track might be slow, the EU should engage in technical cooperation on relatively less sensitive issues. For instance, the region possibly has the most diverse marine flora and fauna in the world. Protection of this environment remains entangled in sovereignty disputes and conflicting or overlapping maritime jurisdiction. The EU can engage with the tourism boards of regional countries in joint preservation and protection of this environment.

The EU should not over-stretch its relatively limited leverage in Asia. But it must engage more systematically on maritime security in the region. This is an issue that acutely impinges upon its commercial interests. It is an issue which demonstrates that economic and strategic diplomacy cannot ultimately be separated.

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