

# **BILATERAL CONFIDENCE BUILDING WITH CHINA IN RELATION TO THE SOUTH CHINA SEAS DISPUTE: A PHILIPPINE PERSPECTIVE**

## **INTRODUCTION**

In January 1995, the Philippine navy discovered that the People's Republic of China had occupied and built structures on a small reef in the disputed Spratly Islands only 135 nautical miles from the western coast of Palawan province. This led to a dramatic surge in tensions between Manila and Beijing. The Mischief Reef incident was a milestone in Philippine-China relations, heretofore characterized by cordial – even if less than close – ties. In some sense, it was also a milestone in ASEAN-China ties, as it appeared to pit China against four rival claimants from the ASEAN countries (Philippines, Malaysia, Brunei and new member Vietnam) and helped bring world attention to China's role as the rising power of post-Cold War East Asia.

Mischief Reef was only part of what appeared to be an escalation of the territorial and resource disputes over the islands and waters the South China Sea. It came in the wake of China's 1992 passage of a new Law on Territorial Sea and Contiguous Zone, where it reiterated its claim over the Spratlys and Paracels, among other territories. Also in 1992, China awarded an oil exploration contract in a disputed area of the Spratlys to the American firm Crestone. In late 1993, China's South Sea Fleet held major military manoeuvres in the South China Sea, and in 1994 began building a new airstrip in the Paracels. Other claimants were likewise engaged in limited military build-up and increased economic activities in the area.

Over the last several years, there had been frequent reports of the presence of military vessels and upgrading of existing military garrisons in the various features occupied by claimants. There were occasional engagements or near-encounters involving military personnel from different countries. Fishing, research and oil exploration activities also appeared to have been more actively undertaken in the disputed areas.

In the Philippines, China's occupation of Mischief Reef was perceived as the most serious external challenge to the country's sovereignty and security in recent times. Such perceptions could be understood best in the context of a drastically changed strategic environment which had greatly heightened Manila's sense of insecurity and vulnerability. The closure of the United States military facilities in the Philippines in the early 1990s resulted in an ambiguity concerning American commitments to Philippine security, even though the Philippines-United States Mutual Defence Treaty continued to remain in effect. This coincided with the rise of China as an economic power and changes in China's strategic doctrine, which began to emphasize the development of a capability to promote territorial and maritime resource concerns. Moreover, arms modernization in the East Asian region heated up, especially as the new tiger economies of Southeast Asia embarked on major defence spending sprees, with Manila practically the only one left out. All of these were taking place in the absence of an overarching security architecture in the region, following the collapse of the bipolar balance of power. For the Philippines, all these factors added up to great uncertainty.