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MARITIME CONNECTIVITY AND THE SOUTH CHINA SEA ISSUE

The South China Sea issue continues to be one of the key Asia-Pacific security challenges. While attempts to resolve it have been in overabundance, few practical results are achieved. The evolution of the problem passes ahead of instruments aimed to resolve it.

Recently, a new instrument – the connectivity with a maritime component – has appeared. To analyze the potential of maritime connectivity in influencing upon the South China Sea issue seems to be a timely exercise.

The paper consists of three parts. Part One focuses on the current state of the issue and argues that its global dimension is increasing. Part Two traces the imbalance between the

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evolution of the problem and attempts to find its negotiated settlement. Part Three assesses the potential of maritime connectivity in the South China Sea case. The conclusion summarizes the foregoing analysis.

The Globalization of the Issue

The rising global dimension of the South China Sea issue stems from two factors. The first accounts for the evolutionary track of global affairs, increased influence of Asia-Pacific upon global developments. The second relates to the present confrontational shift in global geopolitics.

In the evolutionary realm, several points are noteworthy. Asia-Pacific has for a long time been the engine of global economy. In 2012, APEC member economies embraced 2.8 billion people and accounted for 57 per cent of world GDP and 47 per cent of world trade¹. The focus upon connectivity among APEC members in Indonesian and Chinese agendas can further stimulate both economic exchanges and growth within APEC geo-economic area. New initiatives of economic regionalism, the key being Regional Comprehensive Economic Partnership (RCEP), are taking shape. Against these developments, the South China Sea issue remains a lingering problem which distracts attention of Asia-Pacific states from economic priorities with repercussions for global developments.

ASEAN strengthens its positions within the global economic hierarchy. According to McKinsey projections, by 2050 ASEAN may rank as the fourth-largest global economy². This

¹ APEC Achievements and Benefits. // <http://www.apec.org/About-Us/About-APEC/Achievements%20and%20Benefits.aspx>

² Vinavak H, Thompson F., Tonby O. Understanding ASEAN: Seven things you need to know. McKinsey and Company. May 2014. // http://www.mckinsey.com/insights/public_sector/understanding_asean_seven_things_you_need_to_know

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makes ASEAN redouble efforts to create a peaceful regional milieu as one the key external preconditions for this scenario. Realizing this, ASEAN pledged to elaborate a common position on key global security challenges in 2022³. Given that the South China Sea geographically belongs to Southeast Asia, the issue considerably increases its rank in ASEAN order of priorities.

This is all the more important since ASEAN strives to supplement its system of multilateral cooperation – ARF, ADMM+8 and EAS with RCEP as an economic underpinning. In case materialized, RCEP will institutionalize the already de-facto existing economic development paradigm “Asia for Asians”. RCEP, which embraces more than three billion people with a share around 27 percent of global trade⁴, will have strong implications for global economy. Within RCEP, goods will be shipped mostly via the South China Sea.

The South China Sea energy resources are another case in point. According to available estimates, by 2035 г. Asia Pacific energy consumption will grow by 60%⁵. China’s share in global energy demand will rise from 22% to 26%⁶. Energy

³ Bali Declaration on ASEAN Community in a Global Community of Nations. Bali Concord III. //

https://www.aseankorea.org/aseanZone/downloadFile2.asp?boa_filenum=2077

⁴ Based on 2012 WTO figures. See: Regional Comprehensive Economic Partnership (RCEP). New Zealand Ministry of Foreign Affairs and Trade. // <http://www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/RCEP/>

⁵ BP: China, India to lead energy demand. Asian Oil and Gas. 11 March 2015. <http://www.aogdigital.com/engineering/item/4681-bp-china-india-to-lead-energy-demand>

⁶ BP Energy Outlook 2035. Country Insights: China // <http://www.bp.com/en/global/corporate/about-bp/energy-economics/energy-outlook/country-and-regional-insights/china-insights.html>

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consumption in Southeast Asia will grow by 80%⁷. In light of this, increased attention of emerging global powers – primarily, China, India and ASEAN states, to develop energy resources of the South China Sea – can be expected.

Efforts made by Asia-Pacific countries to tackle food security obtain the global dimension. According to ADB estimates, while in 2010 in countries of Asia and the Pacific there were more than 60% (733,0 million) out of 1,2 billion people who live on less than 1,25 dollars a day (PPP estimates, 2005), in 2010-2050, these countries are expected to account for 583,2 million out of 2,6 billion estimated population increase⁸. If so, strategies adopted by these countries to achieve food sufficiency will have profound influence upon global socio-economic and environmental developments. This increases the global significance of the South China Sea given that the area accounts for one tenth of global fish catch⁹.

⁷ Southeast Asia Energy Outlook // IEA, World Energy Outlook Special Report, September 2013. P. 11.

https://www.iea.org/publications/freepublications/publication/SoutheastAsiaEnergyOutlook_WEO2013SpecialReport.pdf

⁸ According to Asia Development Bank, Asia and Pacific includes Central and West Asia (Armenia, Azerbaijan, Georgia, Kazakhstan, Kirgizstan, Tajikistan, Turkmenistan, Uzbekistan), East Asia (Hong Kong, Japan, Republic of Korea, Mongolia, PRC, DPRK), Pacific (Australia, Fiji, the Federal States of Micronesia, Kiribati, Nauru, New Zealand, Palau, Papua-New Guinea, Marshall islands, Samoa, Solomon Islands, Timor-Leste, Tonga, Vanuatu), South Asia (Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, Sri-Lanka) and Southeast Asia (Brunei, Indonesia, Cambodia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam). See: Food Security in Asia and the Pacific. – Mandaluyong City, Philippines: Asia Development Bank, 2013. – P. 8,14.

⁹ Hiebert M. Mitigating Fishing Conflicts in the Disputed East Sea. // Proceedings of International Conference on East Sea Disputes (ICESDI 2014, July 25-26). – Ho Chi Minh City: Ton Duc Thang University, 2014. – P. 245.

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The present geopolitical confrontation has added new nuances to the rise of global dimension of the South China Sea issue. Arguably, this area has become one of the focuses of geostrategic rivalry between the “collective West” and “collective non-West”.

The South China Sea issue should be seen through the prism of the emergence of a stronger and consolidated non-West. The US policy to separate China from Asia undertaken by the Obama administration by stirring up the South China Sea issue have been coupled by American attempts to separate Russia from Europe and from Asia. Regarding Russia, it was exemplified by the Ukrainian crisis and the anti-Russian propaganda campaign after the accident with Malaysian aircraft in Donetsk oblast in summer 2014. Part of the anti-Russian strategy was to “divide and rule” the non-Western world by first weakening Russia and then China. This couldn't but strengthen upward trends in relations between Russia and China. Contracts signed during 2014 and 2015 suggest that a consolidated Eurasia is emerging as a new global “non-Western” center, coupled with increased financial capabilities.

This is all the more so since Russia and China have recently agreed to integrate Eurasian Union and the Silk Road economic project. If so, increased cargo traffic will pass via Shanghai, which in 2013 ranked the first in the “Top fifty world container ports” list with cargo turnover accounting for 33.62 billion TEU¹⁰. This means rise of significance of Asia-Pacific SLOCs including those through the South China Sea.

Irrelative of cooperation with China, the South China Sea issue has become a focus of attention of Russia, an estab-

¹⁰ World Shipping Council. Top 50 World Container Ports. // <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>

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lished global power. Russia can use its global energy and transit possibilities to influence on the evolution of the South China Sea issue making contradictions less intensive than they currently are.

Under these circumstances, the issue becomes the litmus test of to what extent the non-Western countries can internally consolidate and tackle the issue on the principles of equity, co-development and mutually beneficial cooperation. In the West, promising economic projects are sacrificed for the sake of short-term political aims. Non-West has to demonstrate that its rise in global affairs means that the world development paradigm will be different.

Implementing its policy in the South China Sea, the US has a stronger institutional framework to obtain assistance from Japan. The new model of cooperation between Washington and Tokyo is reiterated as “seamless, effective, flexible and robust”¹¹. This broadens US possibilities to link to American intelligence gathering activities in the South China Sea¹². It happens along with the “rebranding” of Japanese policy in Southeast Asia aimed at enhancing maritime defense capabilities of ASEAN states, mainly the Philippines. This will further ignite tensions between the US and China – the parties which are increasingly shaping the global economic and political landscape.

Regardless the US-Japanese factor, the South China Sea is part of American re-balancing policy in Asia-Pacific aimed

¹¹ The Guidelines for U.S.-Japan Defense Cooperation. April 27, 2015. // http://www.defense.gov/pubs/20150427_--_GUIDELINES_FOR_US-JAPAN_DEFENSE_COOPERATION.pdf

¹² Such a possibility has been outlined by top US military officials. See: Kubo N., Kelly T., Brunnstrom D. Exclusive: Japan considering joint U.S. air patrols in South China Sea – sources. // <http://www.reuters.com/article/2015/04/29/us-usa-japan-southchinasea-idUSKBN0NK15M20150429>

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at maintaining US leadership¹³. The fact that “America will remain the world’s dominant power in the 21st century only if it is the dominant Pacific power¹⁴” has become the talk of the town both within and outside the region.

In sum, the issue is rapidly globalizing. Now it can be tackled by global actors and mechanisms, whose possibilities move far beyond Asia-Pacific territorial domain.

The Negotiated Settlement: a Category Mistake

Attempts to find a negotiated settlement of the South China Sea issue started in the 1990s and are far from being completed. With the benefit of hindsight, three stages of these negotiations can be distinguished.

The first stage embraced early 1990s – early 2000s. Its specific feature was that *China outperformed ASEAN*.

Along with China’s adoption of PRC Law on the Territorial Sea and Contiguous Zone and active, not to say pushy, policy in the South China Sea, ASEAN had to think about measures to keep the issue manageable. The response materialized in Manila Declaration on the South China Sea which urged the parties to “exercise restraint with the view to creating a positive climate for the eventual resolution of all disputes”.¹⁵ But no specific measures aimed at both make China interested in cooperation with ASEAN and attract the interest of interna-

¹³ For recent examples, see: Remarks on the Next Phase of the U.S. Rebalance to the Asia-Pacific at the McCain Institute, Arizona State University. US Department of Defense. 6 April 2015. //

<http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=5610>

¹⁴ Zakaria F. Whatever happened to Obama’s pivot to Asia? The Washington Post. 16 April 2015. // http://www.washingtonpost.com/opinions/the-forgotten-pivot-to-asia/2015/04/16/529cc5b8-e477-11e4-905f-cc896d379a32_story.html

¹⁵ ASEAN Declaration on the South China Sea, Manila, Philippines, 22 July 1992 <http://www.aseansec.org/1196.htm>.

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tional community in the light favorable to ASEAN were elaborated on.

With regard to these measures, in the early-mid 1990s ASEAN might have counted upon the pan-regional multilateral discussions within ASEAN Regional Forum. Nevertheless, at the Brunei session of ARF in summer 1995, China stressed that the Forum was not an appropriate venue to discuss this issue. ASEAN expectations on the US as a party that could have made China receptive to ASEAN concerns turned out disappointed as China distinguished between the sovereignty over the disputed islands (which, in Beijing's view, indisputably belong to China) and the freedom of navigation. China's promises not to violate freedom of navigation via the South China Sea SLOCs were exactly what the US wanted. As a result, Washington was satisfied with this position and didn't offer Manila the degree of assistance the Philippines wanted in its confrontation with China over the Mischief reef in winter-summer 1995.

The subsequent events demonstrated that ASEAN seemed to be further losing the initiative. When discussions about Code on Conduct of Parties in the South China Sea gained the tempo, ASEAN demonstrated lack of internal unity in drafting the collective version of COC. The Philippines wanted to institutionalize the issue, Vietnam demanded to include the Paracel islands in the draft while Malaysia advocated the voluntary basis of actions to resolve concrete contradictions. At the same time, China demonstrated growing flexibility, presenting it as its genuine intention to resolve all contradictions with ASEAN before signing CAFTA agreement. Arguably, it happened as a result of ASEAN weakness rather than China's extraordinarily smart policy that the provisions of the Declaration on the Conduct of Parties in the South China Sea (DOC) are unambiguously pro-Chinese.

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The second stage lasted from early to mid-2000s. It can be characterized as *ASEAN “benevolent indifference”* to the issue. China and ASEAN established a Joint Working Group (JWG) aimed at translating the DOC into practice, but with a course of time, its activity was becoming more and more pro-Chinese. It didn't seem to matter much for ASEAN, busy with preparations for CAFTA. The only thing ASEAN began to think about might have been the extension of ADMM to ADMM Plus, some of the latter being seen through the prism of counter-influencing China in the South China Sea.

The third stage started in late 2000s and currently continues. Its specificity is *the shift of the issue outside the Sino-ASEAN dimension*. At present, contradictions concentrate at the Sino-American level while the negotiations about Code on Conduct of Parties in the South China Sea are convened between China and ASEAN.

The first indication of this shift took place in March 2009 when the Impeccable incident took place. The Hanoi session of ASEAN Regional Forum dotted everybody's “i”s when American Secretary of State accused China of intentions to violate freedom of navigation.¹⁶ At present, contradictions between China and the US concentrate upon the following points.

The first is whether DOC letter and spirit may be violated. China stresses that the resolution of the issue can be found only by stemming from DOC as the already existing and internationally recognized legal agreement. Article 4 of DOC stipulates that “...territorial and jurisdictional disputes” are to

¹⁶ Remarks at Press Availability. Hillary Rodham Clinton. Secretary of State. National Convention Center. Hanoi, Vietnam. July 23, 2010. <http://www.state.gov/secretary/rm/2010/07/145095.htm>

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be resolved “by sovereign states directly concerned”¹⁷. Washington retorts that Article 10 of this document states that it is nothing more than an interim agreement. If so, ways to change DOC for a more obliging and practically-oriented COC should be explored.

The second is what stands for freedom of navigation via the South China Sea. In China’s view, it is freedom of trade navigation. If so, Beijing stresses, it would be absurd to expect that China, with its overdependence upon international trade might have even the slightest intention to violate it. According to the US position, it means freedom of military navigation, unimpededly conducted in maritime Asia-Pacific, including the South China Sea covered by the Law on the Territorial Sea and the Contiguous Zone of the People's Republic of China.

Third, Sino-American contradictions refer to the exploration of resources of the South China Sea. For China, the eighty percent of the South China Sea belongs to PRC. In these circumstances, it is fair that any actors striving to develop the resources of this area should get an official permission from China’s central or local authorities. The US stresses that the resources of South China Sea are part of the global commons, and therefore can be developed by any interested party – be it oil companies or fishermen of littoral states.

Recent developments in the South China Sea issue show growing assertiveness of China and the US. In November 2013, Beijing established an ADIZ to cover disputed islands in the East China Sea, and there are some concerns that in near future China is going to establish similar ADIZ to embrace the disputed islands in the South China Sea. Current China’s island-building activities in the area fuels these expectations.

¹⁷ Declaration on Conduct of Parties in the South China Sea. // <http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>

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In these circumstances, incidents similar to those with *the Impeccable*, the U.S. P8-A Poseidon surveillance aircraft and the like, will probably remain a common occurrence. Washington has no other choice but send its Asia-Pacific allies and partners a clear message that it is and will remain the only actor that can prevent Beijing's "insidious plans" in the area.

Negotiations about Code on Code of Parties in the South China instead of Declaration 2002 are carried between China and ASEAN. The reality is that this outcome doesn't meet the interests of both China and ASEAN states.

China doesn't want to lose benefits outlined in the declaration, the main being inadmissibility to internationalize the issue and the emphasis upon the bilateral cooperation while tackling individual disputes. More than that, for Beijing to agree to change DOC for COC means to lose face in terms of accepting other powers' expectations on the issue which falls within China's core interests. Last but not least, this will hardly be seen positively inside China.

ASEAN, which is under a close international spotlight before the deadline for ASEAN Community, doesn't want to attract too much attention to its internal contradictions. The fact that ASEAN Foreign Ministers couldn't issue the final declaration during Cambodian chairmanship is still fresh in the memories of ASEAN and its partners. ASEAN has to present itself in full glory instead of demonstrating its internal division.

The United States doesn't insist on Code on Conduct to be adopted at all costs and as soon as possible. Washington doesn't want to antagonize Beijing especially against the unfolding crisis in American-Russian relations. The US understands that the new type of relations in its current dialogue with China means, among other things, not to cross the "line of the permissible" on issues within China's "core interests".

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In sum, a constant gap between the state of the issue and attempts to find its negotiated settlement has always been in place. Simultaneously, attempts to shelve the disputes and initiate win-win cooperation, be it joint exploration of resources or environmental programs, have encountered setbacks owing to the sovereignty sensitivities. A supplement to the already tested instruments to influence upon the issue is needed. Can maritime connectivity play this role?

The Maritime Connectivity Dimension

At present, Asia-Pacific countries are striving to find a common ground for strengthening cooperation, especially in trade and economic sphere. It led to the emergence of the concept of *Connectivity*. In the political and expert discourse, this concept is considered as the driver of sustainable growth and development of countries in the region that facilitates regional economic cooperation and integration.¹⁸ The attractiveness of this concept generates its practical support in many Asia-Pacific countries at various levels, including at the level of regional integration institutions like APEC and ASEAN, because the concept of connectivity suggests the formation of a consolidating cooperation agenda. This is aimed primarily at deepening and diversifying regional interactions by developing *physical* (the development of infrastructure in transport and logistics spheres, energy, telecommunications, etc.), *institutional* (the improvement and optimization of the legal and procedural mechanisms for cooperation) and *people-to-people connectivity*

¹⁸ ASEAN Leaders' Statement on ASEAN Connectivity // Cha-am Hua Hin, Thailand, 24 October 2009 URL: <http://www.asean.org/news/item/asean-leaders-statement-on-asean-connectivity> // Asia-Pacific Regional Connectivity and Integration // Speech by Akhtar Sh. at the China Institute on International Studies Forum, Beijing, China. June 5, 2014. URL: <http://www.unescap.org/speeches/asia-pacific-regional-connectivity-and-integration>

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(strengthening people-to-people contacts in the field of tourism, education, culture, science, etc.).

Initially, the concept of connectivity was outlined in APEC's document – *Supply Chain Connectivity Framework Action Plan (SCCFAP)*, which was developed in 2009. This document eliminated serious gaps in the *Trade Facilitation Action Plans (TFAP I and TFAP II)*, which overlooked the importance of the development of regional trade, the issues of logistics and transport. However, the SCCFAP was not a comprehensive document, which defined the essence of connectivity. As experts of the *UN Economic and Social Commission for Asia and the Pacific (ESCAP)* emphasize, one of the first comprehensive documents, which at the political level formulated and elaborated on the concept of connectivity in various sectors, was the *Master Plan on ASEAN Connectivity*.¹⁹ Adopted at the 17th ASEAN Summit in Vietnam (2010), this document identified three key directions: *physical, institutional and people-to-people connectivity*. These areas of connectivity with substantial amendment to the framework of APEC were given special attention by APEC economies. Within APEC, the concept of connectivity was developed during Indonesian and Chinese chairmanships in 2013 and 2014 respectively. At the APEC summit in Indonesia, the participants adopted *APEC Framework on Connectivity*,²⁰ while during the Chinese chair-

¹⁹ Regional Connectivity for Shared Prosperity // ESCAP. UN publication. – Bangkok: 2014. URL:

http://www.unescap.org/sites/default/files/Regional%20Connectivity%20for%20Shared%20Prosperity_fulltext.pdf

²⁰ APEC Framework on Connectivity // Official website of APEC URL:

http://www.apec.org/Meeting-Papers/Leaders-Declarations/2013/2013_aelm/2013_aelm_annexA.aspx

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manship in *APEC, Connectivity Blueprint for 2015-2025*²¹ was issued. These documents specified the parameters and the time framework for the implementation of APEC connectivity agenda.

One of the key elements of physical connectivity is maritime connectivity, which refers not only to the development of maritime infrastructure, but also to political cooperation in this direction. The concentration of Asia-Pacific countries, including China, the US and ASEAN member-states, on developing *maritime connectivity* may mitigate contradictions on South China Sea issue, as well as facilitate intra-regional and trans-regional trade activities and investment cooperation. In this regard, the development of maritime connectivity, perhaps, meets the national interests of all Asia-Pacific countries. By implementing cooperation projects in line with maritime connectivity, Asia-Pacific countries are likely to transform the regional maritime domain from the area of competition to the area of cooperation. Moreover, given the fact that maritime transport is at the core of international trade in merchandises – around 80% of volume of goods exchanged in the world are transported via sea, the improvement of quality of maritime connectivity could contribute to the reduction of transport costs and stimulate exports, as well as promote the participation of domestic economy in global production-supply chains.²² For providing a comprehensive analysis of maritime connectivity, special attention should be paid to its sub-regional, regional and trans-regional dimensions.

²¹ Annex D – APEC Connectivity Blueprint for 2015-2025 // Official website of APEC URL: http://www.apec.org/Meeting-Papers/Leaders-Declarations/2014/2014_aelm/2014_aelm_annexd.aspx

²² Maritime Connectivity and Trade // Policy issues in international trade and commodities research study series No. 70 // UNCTAD, Geneva 2015. URL: http://unctad.org/en/PublicationsLibrary/itcdtab72_en.pdf

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The first refers to Southeast Asia. For ASEAN, strengthening maritime connectivity is a crucial part of physical connectivity in terms of raising the competitiveness of its individual members and ASEAN as a whole. From the perspective of *maritime connectivity*, in Master Plan on ASEAN Connectivity 47 ports were identified as key areas for port development investment.²³ Given the fact that the selected ports are at different levels of development, one of the key goals of MPAC is to eliminate these differences, especially in ASEAN less developed countries, by modernizing and constructing new port infrastructure facilities. At present, within ASEAN only Singapore and Malaysia have the best port infrastructure, while even these countries still need investments in order to raise their competitiveness as transport hubs.²⁴ Developing physical *maritime connectivity*, ASEAN concentrates on various forms of cargo transportation, including “roll-on, roll-off” (RO-RO), which focuses upon the activities to improve connection between the land and sea transport. In this regard, the Philippines can be considered as a pioneer and its practice of RO-RO cargo transportation is very valuable for other ASEAN countries.

With the specific respect to the South China Sea, positive repercussions are not impossible. Maritime trade via Southeast Asian SLOCs will possibly increase. Arguably, this will to some extent lessen contradictions over the South China Sea issue and make the parties involved more ready to cooperate than they currently are. Apart from it, navigation safety in-

²³ Master Plan on ASEAN Connectivity // Official website of ASEAN URL: http://investasean.asean.org/index.php/ajax/exec_ajax/file_download/824/newsid/966/master-plan-on-asean-connectivity.pdf

²⁴ Maritime connectivity in the Asia Pacific region // UFRGSMUN | UFRGS Model United Nations v.2, 2014. P. 14 URL: <http://www.ufrgs.br/ufrgsmun/2014/files/ADB.pdf>

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frastructure, including lighthouses, beacons, distance measuring equipment etc. can be improved.

The regional vector of *maritime connectivity* embraces Asia-Pacific or, to be more precise, APEC zone. Like in ASEAN, in APEC the development of *maritime connectivity* is considered as integral part physical connectivity defined in *APEC Framework on Connectivity* and *APEC Connectivity Blueprint for 2015-2025*. However, unlike ASEAN, APEC envisages the development of maritime connectivity as well through the prism of broader goals, which APEC tries to achieve – further trade and investment liberalization. As stated in Bali Declaration, by strengthening the physical connectivity, the APEC participants focus on the issues of the improvement, maintenance and update of the physical infrastructure.²⁵ This involves, above all, improving the efficiency of supply chains, as well as the integration of transport, logistics, energy and telecommunication infrastructure of the APEC economies. In order to reach these goals, the Forum adopted *APEC Multi Year Plan on Infrastructure Development and Investment*.²⁶ From the perspective of maritime connectivity, the participants of APEC “will help facilitate the efficient and effective operation of maritime transportation and shipments, especially considering that a majority of maritime infrastructure development projects happen on a unilateral basis”.²⁷ APEC economies will al-

²⁵ Bali Declaration - *Resilient Asia-Pacific, Engine of Global Growth* // 2013 Leaders' Declaration, October 8, 2013 URL: http://apec.org/Meeting-Papers/Leaders-Declarations/2013/2013_aelm.aspx

²⁶ Annex B - APEC Multi Year Plan on Infrastructure Development and Investment // Official website of APEC URL: http://www.apec.org/Meeting-Papers/Leaders-Declarations/2013/2013_aelm/2013_aelm_annexB.aspx

²⁷ Annex D – APEC Connectivity Blueprint for 2015-2025 // Official website of APEC URL: http://www.apec.org/Meeting-Papers/Leaders-Declarations/2014/2014_aelm/2014_aelm_annexd.aspx

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so “take note of several pathfinder initiatives where future cooperation could produce tangible results”.²⁸

This may have positive implications for the situation in the South China Sea. APEC may increase cooperation with ASEAN exploring ways beyond the directions outlined in 2011. This will add impetus to the general cooperative trends in Asia-Pacific, including to their maritime vector. As a result, new projects embracing the South China Sea may be in place.

The trans-regional dimension of maritime connectivity relates to the projects that move beyond Asia-Pacific. One of them is Chinese initiative Maritime Silk Road (MSR), which was introduced by PRC leader Xi Jinping in Indonesia in October 2013. The MSR is an integral part of Chinese “One Belt, One Road” strategy, which also includes the project Silk Road Economic Belt. The MSR, as stated by Chinese officials, “is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific”.²⁹ The realization of this initiative means the development of maritime infrastructure, the improvement of quality of *maritime connectivity* not only in Asia, but also in other regions. For the implementation of “Silk initiatives”, China has already created Silk Road Fund (SRF) and Asian Infrastructure Investment Bank (AIIB). The effectiveness of the realization of MSR will also depend on China's and its Southeast Asian partners' intention to lessen, to some extent, contradictions over the South China Sea issue by concentration on the development of *maritime connectivity* as part of the overall economic agenda.

At the same time, taking into account the globalization of the South China Sea issue, the trans-regional connectivity

²⁸ Ibidem

²⁹ Chronology of China's Belt and Road Initiative // http://news.xinhuanet.com/english/2015-03/28/c_134105435.htm

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has its limitations, because it primarily has a regional character. In this regard, maritime connectivity has become an important area of cooperation between Asia-Pacific states in maritime infrastructure sector. But maritime connectivity cannot respond to all the questions concerning the South China Sea issue, because of its growing internationalization. Beyond the region, the Sino-American Competition is unfolding. While China is promoting MRS, the US is advocating the concept of Indo-Pacific region. As part of this strategy, Washington is trying to engage uppermost India, for which China is also the main geostrategic competitor. Clear evidence for that can be seen in L. Panetta's statement – India is the lynchpin in the US “pivot to Asia”.³⁰ Indian political leadership has been receptive to the concept of Indo-Pacific region, as it highlights the pivotal importance of India in this region. Nowadays, the current Indian Prime Minister N. Modi is striving to broaden political and economic relations with ASEAN, Australia, Japan and the US in order to raise Indian profile in Asia-Pacific. Modi's re-branded “Act East” policy is being encouraged by the US officials, which are stressing the necessity to promote *Pan-Asian Connectivity* and urging Indian leadership to be more active on ASEAN track.³¹ Arguably, by supporting the “expanding connectivity between South and Southeast Asia”³², the US is planning to exclude the possibility for China to take countries like Bangladesh, Myanmar, Nepal, Sri Lanka under its umbrella. This suggests that Washington is trying to use “Indian card” in its “pivot to Asia” in terms of containing China. From this per-

³⁰ [India 'lynchpin' for US strategy in Asia: Panetta](http://tribune.com.pk/story/390176/india-lynchpin-for-us-strategy-in-asia-panetta/) // The Express Tribune, June 7, 2012. <http://tribune.com.pk/story/390176/india-lynchpin-for-us-strategy-in-asia-panetta/>

³¹ Keynote Address at the Building Pan-Asian Connectivity Conference <http://www.state.gov/p/sca/rls/rmks/2015/238774.htm>

³² Ibidem

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spective, it is very likely that the concept of Indo-Pacific region embracing the *Pan-Asian Connectivity* frame will lead to the formation of a new anti-China front.

Conclusion

The South China Sea issue is undergoing a profound transformation. It is globalizing and, by implication, internationalizing. Under these circumstances, it is necessary to think outside the box. In order to keep the problem within manageable bounds, news instruments are needed.

Connectivity is one of these instruments. At the same time, an imbalance between the state of the issue and the *present* potential of connectivity is evident again. The currently global nature of the problem requires global connectivity. But as efforts to strengthen connectivity move beyond the region, the projects become conflicting rather than complimentary.

Under these circumstances, Russia's connectivity possibilities with their global transit and energy potential should be explored. Without Russia, efforts to keep the issue within manageable bounds by means of using the instruments of connectivity will be incomplete. If so, the ever-lasting imbalance between the state of the South China Sea issue and the mechanisms to influence on it will remain in place.