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The Turbulent South-China Sea Waters: India, Vietnam and China

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The troubled waters of South-China Sea have started spilling over on India's relations with its East Asian neighbours. Two recent incidents underline this spill-over. One was on 22 July 2011, when India's war ship INS Airavat was cautioned by China when it was about 45 nautical miles off the Vietnam coast after paying a friendship visit. The second has been in September 2011, when oil exploration by India's public sector company Oil and Natural Gas Commission Videsh (OVL) in Vietnam's territorial waters was taken objection to by China. Both the incidents have been played out with caution by the Chinese and Indian official circles. The INS Airavat incident involved a radio message to the Indian ship that it was in Chinese territorial waters which was claimed later to have not been reported to the respective foreign offices. The Chinese foreign office left the incident by reiterating its claims in the South China Sea but saying that it is looking for information on the incident through 'competent authorities'.² The Indian side underlined that there was no confrontation involved, while making it clear that India 'supports freedom of navigation in international waters including South China Sea...in accordance with the accepted international law...to be respected by all'.³ The issue had actually been triggered by reports in the western media, The Financial Times of London (1 September, 2011).

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² For details, see my ISAS blog S.D. Muni, 'India-China Spat in South China Sea', <http://blog.nus.edu.sg/southasiansoundings/category/authors-s-d-muni/> (16 September 2011). Accessed on 3 October, 2011.

³ Statement by MEA Spokesman, as quoted in Muni, *ibid*.

China and India's Oil Exploration

The second incident of oil exploration invoked comparatively greater notice in the respective official circles. China's objections were raised at two levels; milder by officials and harsher by the officially patronised media. The Chinese Foreign Ministry spokesperson, in response to a pointed media query on the ONGC oil exploration said: 'Our consistent position is that we are opposed to any country engaging in oil and gas exploration and development activities under Chinese jurisdiction.' Claiming its 'indisputable sovereignty over the South China Sea and its Islands', the spokesperson stressed: 'We hope foreign countries will not get involved in the dispute'. For the countries outside the region, we hope they will respect and support countries in the region to solve this dispute through bilateral channels.'⁴ It may, however, be noted that China did not name India in its statement and feigned ignorance if India was involved in the oil exploration project.

At the media level, officially sponsored *Global Times* (16 September, 2011) came out with strong comments describing India's deal with Vietnam for oil exploration as a 'serious political provocation', asking the Chinese government to use 'every means possible' to stop this. A day earlier, its editorial projected India's deal with Vietnam for oil exploration as reflecting India's rising ambitions and a move to 'counter China's behaviour in the Indian Ocean'. It further added: 'We should not leave the world with the impression that China is only focused on economic development, nor should we pursue the reputation of being a peaceful power which would cost us dearly'.⁵ Another article in *People's Daily* cautioned saying: 'It's not worthwhile for Vietnam and India to damage the greater interests of peace, stability and economic development between China and Vietnam, China and India, and in the whole region, for the sake of these small interests in the South China Sea'.⁶ In yet another commentary by Li Hongman, *Xinhua* on 26 September, 2011, quoting the same *People's Daily* commentary of 20 September, 2011, described India's oil exploration cooperation as 'a blunt trampling upon China's sovereignty'. India's such actions, in collaboration with countries like Japan, were seen as retaliation to the Chinese infrastructure projects in Pakistan-held Kashmir and the Chinese so-called 'String of Pearls' strategy of 'venturing into India's neighbourhood'. All this, the commentator said will 'strain the testy Sino-Indian ties and will eventually bode ill for its own interests'.⁷

⁴ As quoted in M.K. Bhadrakumar, *Asia Times* (17 September, 2011), <http://www.asiatimes.com/atimes/China/M117Ad01.html>.

⁵ As reported by Ananth Krishnan, "South China Sea project a 'serious political provocation,' Chinese paper warns India", *The Hindu* online edition, Published 16 September, 2011 20:58 IST/Updated: 17 September, 2011 15:30 IST.

⁶ As quoted in a *Wall Street Journal* commentary by Jeremy page (in Beijing) and Tom Wright (in New Delhi) on 'India faces Standoff with China on Sea Oil' (23 September, 2011).

⁷ Li Hongmei, "'Bundling Strategy" over South China Sea will be disillusioned', *Xinhua* (26 September, 2011).

The mismatch between China's official position and the media assertions perhaps reflected a tension between the hardliners and the pragmatists within the Chinese establishment. The *Global Times* in another commentary by Long Tao posted on 29 September, 2011 again took a hard position on the South China Sea issue. Viewing the dispute as being provoked by the outside powers, the commentary said:

No South China Sea issue existed before 1970s. The problem only occurred after North and South Vietnam were reunified in 1976 and China's Nansha and Xisha Islands then became the new country's target. Unfortunately, though hammered by China in the 1974 Xisha Island battle and later the Sino-Vietnamese war in 1979, Vietnam's insults in South China Sea remained unpunished. Today...it seems all the countries around the area are preparing for an arms race. *Singapore brings home high-end stealth aircraft while Australia, India, and Japan are all stockpiling arms for a possible 'world class' battle.* (Italics added). The US provoking regional conflict itself did not hesitate to meet the demands of all the above. It is very amusing to see some of the countries vow to threaten or even confront China with force just because the US announced that it has 'returned to Asia'...Everything will be burned to the ground should a military conflict break out. Who will suffer most when western oil giants withdraw? But out there could be an ideal place to punish them. Such punishment should be restricted only to Philippines and Vietnam who have been acting extremely aggressive these days.⁸

The notable aspect of this commentary was that it also published comments from readers which were extremely critical of this article. One comment said: 'I don't know why this article was given the green signal to be published. The thoughts of the author are reckless, fuelled by extreme hatred and radicalism'. Another comment said: 'This is written proof that China's insistence that its rise is peaceful is farcical.' Yet another added: 'I wonder if somebody is in charge in China? Cannot be, because China diplomats say one thing and China military persons say another. This raises fear because China supposed to be great power. I think military will overthrow party'.⁹ Such comments could not have been allowed without someone in the establishment of the newspaper and linked with the party or the government winked at them. Thus there are clearly two positions on the issue. The possibility of one position to camouflage the other also cannot be ruled out.

Like that of China's, India's official reaction was also guarded. The External Affairs spokesperson said: 'Our cooperation with Vietnam or any other country is always as per international laws, norms and conventions...cooperation with Vietnam in the area of energy and to secure India's energy security is very important. There are a number of Indian

⁸ 'Time to teach those around South China Sea a lesson', <http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20NewsArticles/Print.as>.

⁹ Ibid.

companies already operational and we are looking at further enhancing the cooperation in the years ahead.’ The spokesperson described the China-Vietnam dispute in South China Sea as strictly bilateral which needed to be addressed within the framework of International Law and added that ‘in the meanwhile, it is in public knowledge that we are going ahead with expanding our ties with Vietnam’.¹⁰ India’s Foreign Minister S.M. Krishna, who happened to be in Vietnam attending the 14th India-Vietnam Joint Commission Meeting reiterated that India’s public sector company, the OVL (ONGC Videsh Limited), will go ahead with oil and gas exploration in Vietnam’s off shore blocks being disputed by China as part of its Exclusive Economic Zone (EEZ). Indian newspaper reports on Krishna’s talks in Vietnam quoting the ‘official sources’ said that ‘the two sides (India and Vietnam) agreed during the discussions that there is no question of violating any International Law in going ahead with the exploratory work. The meetings on Friday (16 September) have paved the way for expansion of the ONGC *Videsh*’s oil and gas exploration work’.¹¹ Foreign Minister Krishna’s statement and the Indian official reaction underline that India has ascertained that the involved exploration Blocks were well within Vietnam’s EEZ, according to the 1982 UN Convention on the Law of the Sea or UNCLOS. (See Annexure for a map of South China Sea disputes).

The Indian media also whipped up the issue but its difference with the Chinese media is that it does not enjoy official sponsorship. A very highly placed officer in India’s foreign policy establishment confided to this author that the current debate on the issue was triggered by the Chinese official comments on the OVL oil exploration issue which were in turn only in reaction to the queries from Indian media persons.¹² Another senior government officer was reported to have said: ‘It does not help India when media needlessly bashes China...it does not make any sense to demonise China’.¹³ On the basis of various commentaries and articles published in Indian media on the subject, the Indian strategic community seems to be divided on the wisdom of India going ahead on the oil exploration in the region where China is asserting its claims. There are those who support it,¹⁴ and there are those, like former Navy chief Arun Prakash and former intelligence officer (RAW, Research and Analysis Wing) B. Raman who caution because India may not have the military capabilities to protect OVL’s exploration activity if China were to take any disruptive action. Admiral Arun Prakash wrote on 2 October, 2011; ‘Even if India were to take a long overdue stand on principles, or adopt an assertive posture vis-à-vis China, a distant location like South China Sea is hardly an ideal setting to demonstrate India’s maritime and other strengths...At this juncture it would be

¹⁰ As quoted in Bhadrakumar, *op.cit*

¹¹ *The Times Of India*, New Delhi, (17 September, 2011).

¹² In personal discussion with the author in New Delhi on 29 September, 2011.

¹³ Sheela Bhatta, ‘India-China Relations are very complex and very sensitive’, <http://www.rediff.com/news/report/india-china-relations-are-very-complex-and-very-sensitive/20111005.htm>

¹⁴ See for instance, Binod Singh, ‘About supremacy, not sea’, *Sunday Times of India*, New Delhi, 25 September, 2011. Also Harsh V. Pant, ‘India’s ‘Look East’ Policy: It can help counter Chinese assertiveness’, *The Tribune* (24 September, 2011).

imprudent to contemplate sustaining a naval presence, some 2,500 nautical miles from home to bolster OVL's stakes in South China Sea hydrocarbons.¹⁵ It may be recalled that on 26 May, China 'damaged the cables of a Vietnamese oil and gas survey ship off the coast of Phu Yen province'.¹⁶

Strategic Dimensions of India-Vietnam Relations

As alleged in the Chinese media commentaries, India's oil exploration in South China Sea is not in reaction either to the Chinese projects in Pakistan Occupied Kashmir (POK) or China's so-called 'strategy of string of pearls' in the Indian Ocean. To understand India's position on the South China Sea dispute, its relations with Vietnam have to be seen in perspective. These relations predate any conflict between India and China as also between China and Vietnam. The Indian leader Jawaharlal Nehru and Vietnamese leader Ho Chi Minh first came in contact with each other way back in 1927, when both of them were struggling for the independence of their respective countries respectively from the British and the French colonial rules. Nehru visited Vietnam in 1954 to congratulate the Vietnamese leaders and people for their victory against the French at Dien Bien Phu. The context was anti-colonial and at that time, India was also developing constructive and cooperative relations with China on the basis of '*Panch-Sheel*' principles of peaceful coexistence. There were indeed many issues related to colonialism and the Cold War on which India and China worked together to the dislike of the West. Following the 1954 visit, India joined the International Supervisory and Control Commission for Peace in Indo-China region and earned considerable goodwill of the countries like Vietnam, Laos and Cambodia. In 1958 the Vietnamese leader Ho Chi Minh visited India. Full diplomatic relations between India and Vietnam were established in January 1972 and India celebrated Vietnam victory in 1975 in the war against the US.

Soon after its victory against the US, Vietnam sought India's help in the reconstruction of its war-torn economy.¹⁷ An Indian military delegation visited Vietnam to assess the ways in which India could help. In the following years, Indo-Vietnamese relations witnessed moves towards greater strategic understanding and cooperation. In February 1979, the then-Foreign Minister of India, Atal Behari Vajpayee cut short his China visit in reaction to the Chinese 'punitive' action against Vietnam. Vajpayee's non-Congress coalition government hesitated in recognising the Vietnamese-installed Heng Samrin government in Cambodia but within six months of the return of the Congress government, under Indira Gandhi, in January 1980, India extended this recognition (in July 1980). This was done to the much displeasure of not

¹⁵ Arun Prakash, 'Where are our ships bound', *The Indian Express, New Delhi*, 2 October, 2011. Also B. Raman, 'South China Sea: India Should Avoid Rushing in Where Even US Exercises Caution', *South Asia Analysis Group*, paper No. 4702, 17 September 2011.

¹⁶ Rohit Singh, 'Over troubled waters', *The Hindustan Times* (2 October, 2011).

¹⁷ Vietnam's Prime Minister Pham Van Dong signed an agreement to this effect with India during his official visit in 1978.

only China and the US but also at the cost of India's participation in ASEAN (Association of Southeast Asian Nations) as a dialogue partner.¹⁸ ASEAN was strongly opposed to the Vietnamese intervention in Cambodia in 1978-79 that replaced the Khmer Rouge government with a puppet regime headed by Heng Samrin. In 1985 and 1988, Prime Minister Rajiv Gandhi visited Vietnam twice to strengthen relations with Vietnam and in January 1989, the General Secretary of the Vietnamese Communist party Nguyen Van Linh was invited as the chief guest for India's Republic Day celebrations.

The strategic dimensions of Indo-Vietnamese relations, initiated during the 1980s, started unfolding in the form of structured and institutional arrangements during the 1990s. A Memorandum of Understanding on Defence cooperation was signed between the two countries in September 1994 under which India not only offered training slots to Vietnamese defence personnel but also agreed to service their MIG-21 fighter aircrafts.¹⁹ The promise of the MOU however, did not take off in implementation. There were various factors behind this, including widening of Vietnam's economic and strategic relations with other powers, like the US, Japan and also China. During 1991-99, Vietnam was deeply engaged in resolving its boundary issue with China to ensure that in future China had no excuse of militarily intervening in Vietnam under the pretext of disputed boundary as was the case in 1979.²⁰ This is what India is trying these days to persuade China to resolve the bilateral territorial dispute in the Himalayas.

India made a serious attempt to activate defence cooperation with Vietnam in 2000 when then-Defence Minister George Fernandes visited Vietnam in March and signed a comprehensive agreement for defence cooperation. This agreement had following important features:

1. Repair and overhaul of Vietnam's MIG-21 fighter aircrafts.
2. Help in the capacity building of Vietnam in the production of small and medium weapons and certain ordinance items.
3. Supply India's multi-role advanced light helicopter and fast petrol boats to Vietnam.
4. India's Defence Research and Development Organisation (DRDO) to help Vietnam in treating its chemical warfare ('agent orange defoliant') victims.
5. Indian Navy to help in ship building and upgrading by Vietnam Navy.
6. India to train Vietnam's defence Information Technology officers.
7. Vietnam to train Indian soldiers in jungle warfare.
8. Bilateral cooperation in combating sea piracy.²¹

¹⁸ The Dialogue partner status was granted by ASEAN to India in May 1980, but India's recognition of the Heng Samarin government disrupted this as ASEAN was intensely opposed to Vietnam's military intervention in Cambodia which helped install the Samarin regime there in January 1979.

¹⁹ Storey, Ian and Thayer, Carlyle A, 'Cam Ranh Bay: Past Imperfect, Future Conditional', *Contemporary Southeast Asia*, Vol. 23, No.3, December 2001.

²⁰ Author's interviews with senior Vietnamese officials and Generals in July 2001 in Hanoi.

²¹ *The Times of India* (29 March, 2000).

There was also a long-pending Vietnamese demand for cooperation in the field of nuclear energy. The first bilateral agreement on the peaceful uses of nuclear energy was signed in 1986 and ratified in 1987.²² It was taken forward by India in 1999 and expanded in the years 2000 and 2001 when India's Department of Atomic Energy and the Vietnamese Ministry of Science Technology and Environment signed a Memorandum Of Understanding in Hanoi in January 2001, in the presence of India's visiting Prime Minister Atal Behari Vajpayee and his counterpart Phao Van Khai. This involved setting up of a research reactor and training of scientists.²³ The Indo-Vietnamese cooperation in the field of nuclear energy has not worked successfully all these years, so far in view of pressure both on India and Vietnam from the US as also availability of more options subsequently to Vietnam. However, the cooperation in this field has been revived and may, hopefully, see some concrete results by 2015 or 2020.²⁴

Two landmark developments uplifted the strategic profile of India-Vietnam relations. In May 2003, during the visit of Nong Due Manh, the General Secretary of the Communist Party of Vietnam to India, the two countries signed a Joint Declaration on the Framework of Comprehensive Cooperation. In July 2007, the two countries issued another Joint Declaration on the Strategic Partnership between them to mark the occasion of the Vietnamese Prime Minister Nguyen Tan Dung's visit to India. Under this Declaration, a regular 'Strategic Dialogue' was established between the two countries. Strengthening of bilateral cooperation in 'defence supplies, joint projects, training cooperation and intelligence exchanges' was promised. They also agreed to work closely in the areas of 'ensuring security of the sea lanes, including combating piracy, preventing pollution and conducting search and rescue' as well as in 'combating terrorism'.²⁵ Within the framework of these two joint declarations, frequency and significance of high level political and defence exchanges between the two countries have increased rapidly. These visits have ranged from the Prime Ministers and senior Ministers to high-ranking defence personnel, members of their respective Parliaments and representative of ethnic and cultural groups. India's Defence Minister A.K. Antony and Prime Minister Manmohan Singh visited Vietnam in October 2010. Economically, the trade between the two countries was expected to exceed US\$3 billion by the end of 2011. This would be 10 times more than what it was in 2000.

²² Tridib Chakraborty, 'Strategic Convergence between India and Vietnam in the Twenty First Century: Look east as a parameter', *Indian Foreign Affairs Journal*, Vol.3, No.4, October-December 2008. p.47.

²³ On Nuclear cooperation see, *Annual Report 1999-2000; and 2000-2001*; Ministry Of External Affairs, Government of India, New Delhi, pp. 23 and 25-26 respectively. Also Storey and Thayer, 'Cam Rahn Bay...' *op.cit.*

²⁴ Tridib Chakraborty, 'Strategic Convergence...', *op.cit.*

²⁵ Text of the Joint Declaration, <http://english.vietnamnet.vn/politics/2007/07/715169/>. Accessed on 8 October, 2011.

India's oil and gas exploration in Vietnam

India's oil exploration in Vietnam started as early as 1988 in association with the then-Soviet Union. With the discovery of attractive potential of hydrocarbon deposits in Vietnam's territorial waters and EEZ, Vietnam opened its oil and gas sector widely to the foreign companies in 1990 and in 1992, India's ONGC joined a joint venture with Petro-Vietnam, the Burma Petroleum of the UK and DNSO (Stat Oil) of Norway. In 2001, India's oil fields in Vietnam were its largest overseas possession in the energy sector. The ONGC held 45 per cent shares in its joint venture with Petro-Vietnam and the United Kingdom's BP (British Petroleum) group. In November 2002, gas started flowing from the ONGC's joint venture at the Nam Con Son basin in Vietnam.²⁶ Due to lack of facility in India to refine the crude oil received from Vietnam because of its technical specifications ('high pour point'), India used to sell off this oil in international market.²⁷ It is believed that refining facilities to process this oil have now been developed in India. OVL of India signed another production sharing contract with Petro-Vietnam in May 2006 for Blocks 127 and 128, off shore Vietnam in the Phu Khanh Basin.²⁸ This energy cooperation between the two countries has also been strengthened gradually.

China has been periodically taking exception to any international oil and gas exploration in Vietnam's EEZ in South China Sea, including by India since 1988. But these protests have never attracted much media attention, nor were they turned into big diplomatic events. India's activities in this field must be understood in the context of long standing and strategically evolving cooperation between India and Vietnam. The visits of Indian naval ships to Vietnam also go back to 2001, following Indian Defence Minister George Fernandes's visit. An idea of the regularity of such ship visits can be seen from the following table²⁹:

Dates of the Visit	Names of the Ships
1. 9-13 June, 2005	INS Magar
2. 8-11 June, 2006	INS Rajput; INS Kulish; INS Kirpan
3. 7-11 May, 2007	INS Maysore; INS Ranjit
4. April, 2008	INS Kora; INS Kirpan
5. 7-11 April, 2009	INS Mumbai; INS Ranvir
6. May 30, 2010	INS Ranjit; INS Kulish
7. 10-13 May, 2011	INS Delhi; INS Kirch
8. 17-19 July, 2011	INS Airavat

²⁶ Annual Report 2002-2003, Ministry of External Affairs, New Delhi, 2007, p. 34.

²⁷ 'India-Vietnam Relations', A Note prepared by the Ministry of External Affairs, Government of India, March 2002, as quoted in Muni, S.D. and Pant, Girijesh, India's Energy security: Prospects of Cooperation with Extended Neighbourhood, Rupa & Co. New Delhi 2005, (see Chapter 3, section 4).

²⁸ Annual Report 2006-2007, Ministry of External Affairs, Government of India, New Delhi, 2007, p. 29. For the location of these Blocks in Vietnam's EEZ see, Muni & Pant, India's Energy Security, *op.cit.*, p. 182.

²⁹ Compiled from Annual Reports (2005-2009), Ministry of External Affairs, New Delhi and newspaper reports.

Discounting the role of media in inflating such events, it must be kept in mind that they are reflective of China's growing assertiveness and inflated claims in South China Sea.³⁰ China has raised the seriousness of these claims by putting South China Sea as its 'core national interest', at par with its sovereign possessions like Taiwan, Tibet and Xinjiang.³¹ Its drive for access to energy and sea-bed sources all over the world has also not hesitated from applying all available means in this respect. It was recently announced by China's Ocean Mineral Resources Research and Development Association that the International Seabed Authority (ISA) has permitted it to explore the south-western Indian Ocean ridge for polymer sulphide nodules.³² With regard to oil and gas, China has been luring and pressurising Vietnam to enter into joint development of the resources in the disputed South China Sea islands, but Vietnam has been reluctant. It has preferred engagement with international companies as collaboration with China would be on the Chinese terms and will also help China strengthen and legitimise its extensive claims once it is present in these areas even if for developmental purposes. As early as in 1994, the then-Vietnamese Vice Foreign Minister, Vu Khoan reacting to the Chinese demands for joint development said:

The problem is which sea area we are going to develop jointly...China's intention in proposing the joint development of the Sparty Islands is an attempt to justify its presence in Vietnam's territorial waters under the name of joint development. Would you accept an invitation to dinner from a person who was trying to steal a US\$100 bill from your pocket...³³

This is an additional reason for China being irritated on the issue as Vietnam has denied it the access to energy resources and allowed foreign companies to get involved. To deter Vietnam in this respect, China has not hesitated in taking resort to the threat and use of force in asserting these claims. Four incidents of armed confrontation of China at sea with Vietnam and eight incidents, including gun fire between Chinese and Philippines warships have been recorded in international media during the past couple of years. The harsh language used by the sponsored Chinese media like the *Global Times* against smaller South China Sea countries has already been noted earlier.

South China Sea may look far off from the Indian mainland but it is not really so when India's territorial foot prints in the western Indian Ocean, in the form of Andaman and Nicobar Islands, are kept in view. India's sea-bound trade that passes through Indian Ocean constitutes 92-95 per cent of its total trade and, there are estimates that nearly 25 per cent (and growing) of this sea-bound trade passes through South China Sea. India, like China, is

³⁰ Koh, Tommy, 'Mapping out Rival Claims in South China Sea', *The Straits Times* (13 September, 2011).

³¹ Rajan, D.S. "China: Assessing 'Core Interests' driven Foreign Policy", South Asia Analysis Group, Paper No. 3968, 5 August, 2010. China's State Councilor Dai Bingguo was quoted in this respect.

³² Jha, Saurav 'India-China for race for bottom in Indian Ocean', *World Politics Review* (5 October, 2011).

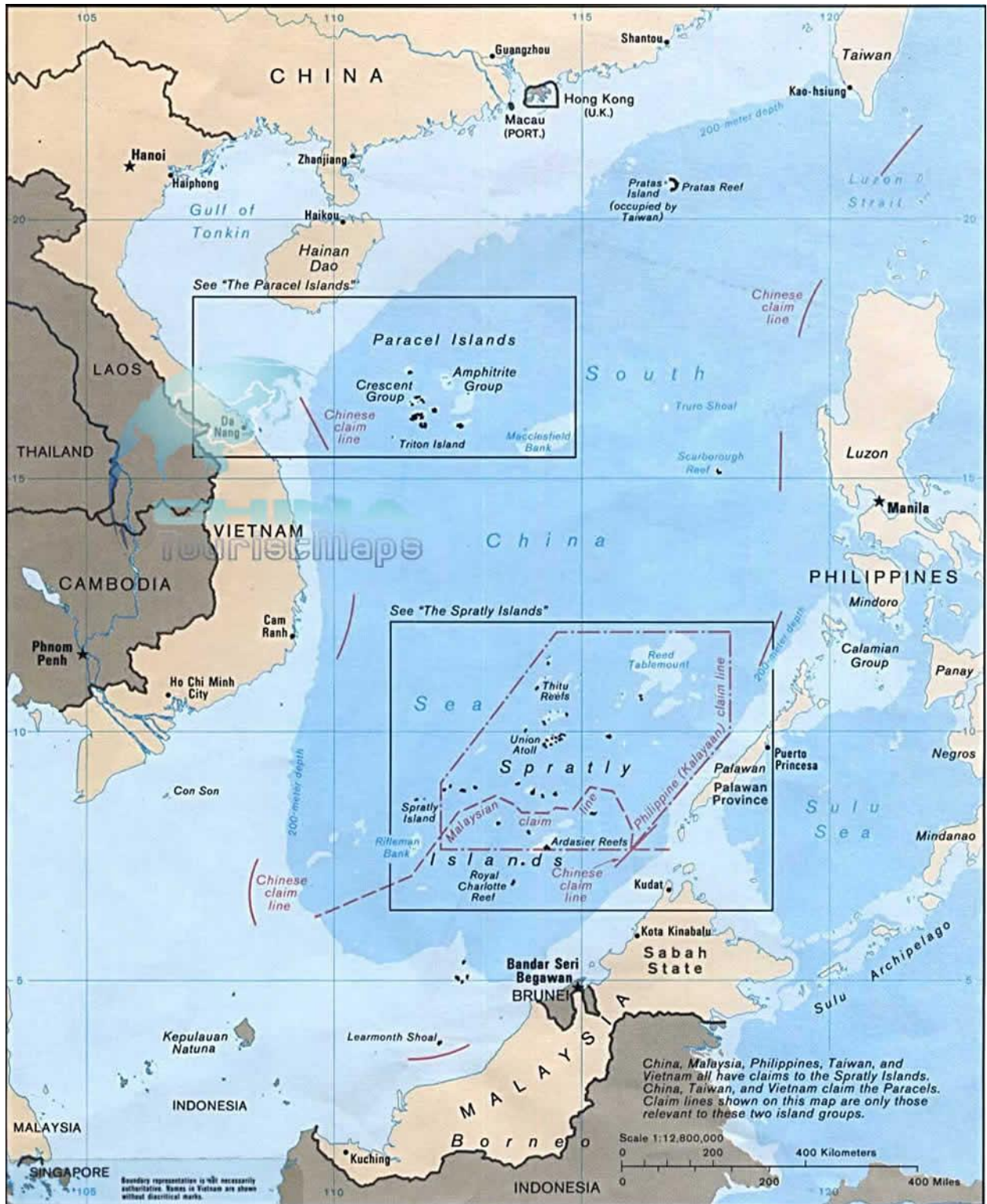
³³ As quoted in Muni, S.D. *China's Strategic Engagement with the New ASEAN*, IDSS Monograph No.2, Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore, 2002, p.68.

also an energy deficit country and is stretching its resources all over the world to access hydrocarbons in whatever form and quantity available. India's oil and gas explorations and extractions in Myanmar and Vietnam need to be understood in this respect. Therefore, there is no way that India would retreat from South China Sea just because China or any other country has taken an exception to its economic and naval activities in this region.

India would surely have augmented its capabilities to defend its strategic interests in the region once the upgrading of a tri-service base in Andaman and Nicobar Islands is completed and made fully operational, as expected by 2015-20. India cannot afford to have any conflict with any of its East Asian neighbours, least with China which is emerging into a formidable economic and military power. Nor perhaps can China afford to cause any setback to its economic growth by engaging any of its neighbours into a conflict. The best course for India and China is to coexist in South China Sea as also in Indian Ocean peacefully. This is in the overall interests of not only India and China individually and bilaterally but also of peace and stability in the wider region. And for this, China owes it to its South China Sea neighbours to moderate its claims and its tempers in the region.

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Annexure: Map of South China Sea



Source: China Tourist Maps: <http://www.chinatouristmaps.com/china-maps/china-sea-maps/south-china-sea-map.html>.