



## The 21<sup>st</sup> Century Maritime Silk Road – A View from Europe

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### **Abstract**

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The author introduces his presentation entitled “*The 21st Century Maritime Silk Road – A View from Europe*” with the remark “history and geography matter” by way of reference to the fascinating book *The Maritime Silk Road* by German sinologist Professor Roderich Ptak. He emphasises the significance of history and geography.

Particular attention is paid to ASEAN’s reaction to the Arbitral Ruling and the Code of Conduct (COC) and to power projection in Asia and beyond. New developments in the East and South China Sea between 2016 and 2017, and the European Union and Germany’s maritime interests in Asia are also considered.

He closes his lecture by way of twelve recommendations.

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## Analysis

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### Preliminary Remarks

Mr. Chairman, Excellencies,  
Distinguished Colleagues, Ladies and Gentlemen,

I would like to begin by thanking Dr. Norbert Eschborn, the representative of the Konrad Adenauer Foundation in Myanmar, for inviting me to this high-level conference. I am also very glad to see that Admiral Lutz Feldt, Ambassador Dr. Anne-Marie Schleich, and Dr. Manuel Vermeer have been able to join us today.

My statement focuses on six points:

1. The Significance of History and Geography
2. New Developments in the East and South China Sea between 2016 and 2017
3. ASEAN's Reaction to the Arbitral Ruling and the Code of Conduct
4. The European Union and Germany's Maritime Interests in Asia
5. Power Projection in Asia and Beyond
6. Twelve Recommendations

### 1. The Significance of History and Geography

In his fascinating book "Die maritime Seidenstraße" (The Maritime Silk Road), German Sinologist Roderich Ptak undertakes a historical survey of the seas between East Africa and Japan from the early period of seafaring through to the modern era. A sizeable section of the book is dedicated to the role of the outstanding mariner Admiral Zheng He, who embarked on a voyage from China to East Africa with his legendary fleet. As early as the fifteenth century, when *en route* to Southeast Asia and the Indian Ocean, major Chinese fleets navigated their way as far as Hormuz, Aden and East Africa. At that time – prior to the Portuguese expeditions to Asia and the era of European expansionism – the Middle Kingdom understood itself as a preeminent maritime power. Returning to the present day, the Chinese leadership now intends to restore its navy as a maritime force to be reckoned with.

In underlining the importance of history, Chinese President Xi Jinping drew a historical comparison. He pointed out that over a period extending 2100 years, during China's Western Han Dynasty (206BC-AD24), imperial envoy Zhang Qian had been twice commissioned to Central Asia for the purposes of securing friendly contacts between China and Central Asian countries. The objective was to open the door to the transcontinental Silk Road linking East and West, Asia and Europe. He went on to remark that over the course of twenty-odd years, the ancient Silk Road had been fully revived following the rapid development of China's relations with Asia and European countries, and that the cultivation of such friendly and cooperative relations with Central Asian countries is among China's top priorities.

The Maritime Silk Road initiative was first proposed by the Chinese President in a speech held at the Indonesian Parliament in October 2013. Here, the objective was to promote maritime cooperation between ASEAN countries, and to advance common development and prosperity. He went on to propose the establishment of the Asian Infrastructure Investment Bank (AIIB) as an aid to financing infrastructure communications aimed at



bolstering regional interconnectivity and economic integration. After outlining this blueprint, Xi went on to reveal the launch of the Silk Road Fund, to which China would contribute \$ 40 billion.

But geography, Ladies and Gentlemen, matters no less. In the East China Sea, for example, Beijing has been engaged in ongoing territorial disputes with Japan over the Senkaku/Diaoyu Islands. And natural gas deposits in the East China Sea may also be the cause of potential disputes.

Territorial disputes in the South China Sea involve both islands and maritime claims among sovereign states, namely, those of Brunei, China, Taiwan, Malaysia, the Philippines and Vietnam.

The first, second and third island chains are also of geographic significance. The first of these begins at the Kuril Islands, and terminates on the approach to Borneo and the northern part of the Philippines. China considers the first chain as an area it must secure in order to inhibit the establishment of American bases, aircraft and aircraft-carrier groups: part of its self-defence involves the capacity to unleash a pre-emptive attack against the enemy. The objective in this policy is to seal off the Yellow Sea, the East and South China Sea within the parameters of an arc spanning the Aleutians to the North, and to Borneo in the South. American think tanks believe that China is well on the way to having the means to achieve its first island chain policy.

The second island chain comprises the Ogasawara Islands, the Volcano Islands of Japan, as well as the Mariana Islands which is US territory. Due to its location within the middle area of the Pacific Ocean, it acts as a second strategic defence line for the United States. The third island chain begins at the Aleutian Islands, and terminates in Oceania. The key section of the third island chain would be the Hawaiian Islands of the United States. Indian defence experts suspect that the third island chain lies in the Indian Ocean, more specifically, towards waters surrounding the Indian Andaman and Nicobar Islands.

## **2. New Developments in the East and South China Sea between 2016 and 2017**

In June 2017 the Chinese National Development and Reform Commission and the State Oceanic Administration released a document that called for countries along the 21<sup>st</sup> Century Maritime Silk Road to emphasise “sharing blue space and developing the blue economy” targeting as it does such issues as marine environment protection, marine interconnectivity, maritime security and common oceanic governance. Although China has promised to abide by market rules and international norms, and thus providing broad scope to the primary role of enterprises, it still remains to be seen whether Chinese state enterprises will adhere to these rules and norms.

Despite such declarations of good will, tensions persist in the East and South China Sea. In the dispute over the Senkaku/Diaoyu Islands in the East China Sea, on 9 June 2016, a Chinese Jiangkai class I frigate made an unannounced incursion into the twelve nautical-mile band stretching from the outer limit of Japan’s territorial waters around the Senkakus. On 15 June, a Chinese naval intelligence ship entered Japan’s territorial waters off Kagoshima Prefecture, northeast of Okinawa, for about one and a half hours. This marked the first time in twelve years that a Chinese naval vessel entered Japanese territorial waters.

On 8 June, three Russian naval ships entered the contiguous zone, near the Senkakus. It has yet to be confirmed as to whether the Chinese and the Russian Navies planned and coordinated their naval activities for entering the contiguous zone. I suspect that China’s aim was to probe the effectiveness of Japan’s new radar base on Yonaguni Island; furthermore, the dispatch of naval ships rather than coastguard ships has increased the risk of accidental military confrontation. Whereas, in January and March 2015 China and Japan reaffirmed their commitment to establish a maritime air and sea communication mechanism to prevent a crisis in and above the East China Sea, in my estimation there is room for improving communication and risk management.



As China has intensified its military activities around the Senkaku/Diaoyu Islands in the East China Sea, intercepts by both sides have been surging in areas near to where their Air Defence Identification Zones (ADIZ) overlap. There have been a total 851 scrambles, or a 73 percent increase in responses to Chinese flights, 260 more than in the previous fiscal year. But the Japanese Ministry of Defence also announced that in the 2016 fiscal year, which ended on 30 March, no aircraft violated Japanese airspace.

China's military has also sent aircraft, including bombers and fighters, from the East China Sea through the Tsushima Strait and into the Sea of Japan and back. Furthermore, the Chinese Air Force announced plans to commence with "regular" exercises that fly past the so-called first island chain – a strategically important corridor into the Western Pacific which includes Japan's Ryukyu Islands and Taiwan.

Western and Asian military observers believe that China plans a gradual increase in the number of flights in or around Japanese airspace, and that Beijing will continue to intensify China's activities in the East China Sea by pushing forward into the Western Pacific.

By way of a counter measure, Japan has extended the duration of its combat air patrols and is alerting E-2C early-warning aircraft and airborne early-warning-and-control systems (AWACS airplanes) for scrambles. Tokyo has also doubled the number of fighter jets deployed for scrambles against China.

### 3. ASEAN's Reaction to the Arbitral Ruling and the Code of Conduct

On 12 July 2016, The Permanent Court of Arbitration in The Hague ruled in favour of the Philippines in its case against China in the South China Sea. The tribunal concluded "there was no legal basis for China to claim historical rights to resources within the sea area falling within the 'nine dash' line."

Furthermore, the Tribunal ruled that Chinese actions in the South China Sea, such as persistent interference in the Philippines fishing and exploration activities (including large scale land reclamation and construction of artificial islands, failure to regulate its own fishing and enforcement activities in the same area) were either in violation of the sovereign rights of the Philippines, or else in breach of the various obligations under the Convention of the Law of the Sea (UNCLOS).

As expected, Chinese president Xi Jinping declared that "territorial sovereignty and marine rights" in the seas would not be affected by the ruling, and insisted that China upholds its commitment to resolving disputes with its neighbours.

While the Philippines response was euphoric, it also became abundantly clear that Manila would be prepared for future discussions with China, on such issues as the development of joint projects in the disputed areas. But in July 2017, the director of the Philippines Energy Resource Development Bureau, Ismael Ocampo, stated that his country could lift a suspension on oil and gas drilling on the Reed Bank by December 2017. The underwater mountain, located 85 nautical miles off the Philippine coast, has also been claimed by China. The Philippines designated parts of the sea within its EEZ as *West Philippine Sea* already on 8 June.

Indonesia encouraged all claimant states to continue peaceful negotiations over their overlapping claims of sovereignty in the South China Sea in accordance with international law. However, on 14 July 2017, Indonesia renamed the Northern reaches of its exclusive economic zone in the South China Sea as the *North Natuna Sea*: a politically and diplomatically shrewd move.

Malaysia called on all parties to ensure full and effective implementation of the Declaration of the Code of Conduct in the South China Sea as agreed between China and ASEAN countries.



Singapore urged all parties to fully respect legal and diplomatic processes following the Permanent Court of Arbitration's ruling on the South China Sea.

Vietnam welcomed the issuance of the final ruling and strongly advocated the settlement of disputes in the East Sea by means of peaceful measures, including diplomatic and legal processes without recourse to the threat of force, as in accordance with international law regulations, and the 1982 UN Convention on the Law of the Sea. But in July 2017, Vietnam also extended an Indian oil concession off its coast while a joint venture by state owned Petro Vietnam commenced drilling further South, both areas in which China has territorial claims.

Cambodia, Laos, Myanmar reiterated their support for a peaceful solution to the territorial disputes in the South China Sea, and China announced that Brunei similarly supports Beijing's position.

On 24 July 2016, after a meeting of the ASEAN foreign ministers in Laos, ASEAN released the following statement on the South China Sea Dispute:

"We remain seriously concerned about recent and ongoing developments and take note of the concerns expressed by some ministers on the land reclamation and escalation of activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region".

It is interesting to note that initially the Philippines insisted that the ASEAN communiqué cites The Hague ruling. However, Manila finally dropped its demand following Cambodia's objection. This suggests that Chinese diplomats had succeeded in splitting ASEAN, and it would seem that Beijing has maintained the upper hand.

On 6 August 2017, although the 10 ASEAN foreign ministers jointly adopted a framework clearly outlining the general principles of the Code of Conduct (COC), the details are yet to be determined in future talks. But Chinese Foreign Minister Wang Yi stipulated the conditions for which the talks were to proceed. "When the situation in the South China Sea is generally stable, and if there is no major disruption from outside parties as to the precondition, then we will consider jointly announcing the official start of the COC conversation during the November leaders' meeting".

However, following the first Declaration of the COC in 2002, I doubt whether Beijing would intend finalizing the COC with its ASEAN partners in a timely manner, nor that it would be legally binding and consistent with international law.

#### **4. The European Union and Germany's Maritime Interests in Asia**

In its Maritime Security Strategy, dated 24 June 2014, the European Union refers to the importance of the sea. Sea matters, because the EU depends on open, protected and secure seas and oceans for economic development, free trade, transport, energy security, tourism and good status of the marine environment.

The major part of the EU's external and internal trade is transported by sea. The EU is the third largest importer and the fifth global producer of fisheries and aquaculture. More than 70 per cent of the external borders of the EU are maritime, and hundreds of millions of passengers pass through its ports each year.

The EU and its member states also pay special attention to the development of partnerships with international organisations and cooperates with UN, NATO, and other regional partners, such as the African Union and ASEAN.



A good example of such cooperation is the most recent agreement of 7 October 2017, between India and the EU intended to step up cooperation in maritime security in the Indian Ocean and beyond. Military cooperation should be intensified and the resumption of technical exercises in the Gulf of Aden between the EU's Naval Force Operation Atalanta and the Indian Navy should be acknowledged, including India's participation in escorting World Food Programme vessels.

With respect to Germany's position on the tense situation in the East and South China Sea, the G-7 statement by the Foreign Ministers on Maritime Security on 11 April 2016 in Hiroshima, Japan, is significant. "We express our strong opposition to any intimidating, coercive or provocative unilateral action that could alter the status quo and increase tensions, and urge all states to refrain from such actions and land reclamations including large-scale ones, building outposts, as well as their use for military purposes, and to act in accordance with international law including principles of navigation and overflight."

Although politicians in Germany and the EU are focusing on such issues as migration, terrorism, the situation in the Near and Middle East and in the Ukraine, I believe that Asia is too important for it not to be on the radar. The European Action Service (EEAS), together with its EU Intelligence Analysis Centre (INTCEN) in Brussels with more than 100 experts from the Foreign and Domestic Intelligence Services, the EU Institute for Strategic Studies in Paris, the EU Satellite Centre near Madrid etc., would each be well-advised to carry out thorough-going critical analyses of the situation in Asia.

As our Chancellor, Dr. Angela Merkel, has pointed out in talks with high ranking leaders in Asia, the waterways and trade routes in the East and South China Sea are threatened by maritime territorial disputes, which would, in turn, result in negative repercussions for Germany and Europe. To overcome these difficulties, she contends that in addition to bilateral efforts, regional fora such as ASEAN (including smaller and larger partners in multilateral processes) are necessary.

Chancellor Merkel's remarks clearly underscore the importance of confidence-building measures (CBMs) as early steps in crisis management and the creation of a peaceful situation in the East and South China Sea.

## **5. Power Projection in Asia and Beyond**

In its Military Balance 2017 the International Institute for Strategic and International Studies (IISS) in London provides an instructive overview of China's military objectives in the South China Sea and beyond. In recent years, the PLA has bolstered its position in the SCS so as to reinforce Beijing's extensive territorial claims, as well as to protect its Jin-class (Type-094) nuclear-powered ballistic missile submarines (SSBNs).

Early 2016 witnessed major construction activity on seven Chinese-occupied locations of the Spratly Islands, where military facilities had been established on six of them. Mischief Reef and Fiery Cross Reef each have a 3km runway, easily adaptable to the requirements of combat aircraft, and a similar airstrip was under construction on Subi Reef. Moreover, in February 2016, China deployed two batteries of the HQ-9 surface-to-air missile systems on Woody Islands in the Paracels. Reports over subsequent weeks claimed that J-11 and JH-7 combat aircraft had also been stationed on the island.

China's increasingly assertive role in the South China Sea was also demonstrated by the interception of fishing and supply vessels from other claimant states, such as the Philippines and Vietnam.



These developments caused the United States Navy to undertake freedom-of-navigation operational patrols (FONOPs) in the South China Sea, and were designed to assert the rights of the US and other states to fly and sail wherever it was legally permissible.

When the US Dewey conducted a freedom of navigation operation within twelve nautical miles of the Mischief Reef in the Spratly Islands in May 2017, the new Trump administration indicated Washington's commitment to upholding international law and intention to operate within the region. However, should a military conflict one day ignite between China and the US, the islands would be among priority targets of US submarines, and that all military installations would thus be destroyed.

Similarly, the strengthening China's capacity to project military power into the Western Pacific and Indian Ocean is one further aspect of PLA objectives.

By 2020, Beijing plans to deploy forces capable of achieving victory in local wars under the condition of informationisation – in other words, successful joint operations facilitated by modern technology in contested regional environments. By 2050, Beijing aims to become a peer military competitor of the United States.

Although China is definitely scheduled to strengthen its military capabilities, Washington intends to continue increased substantial expenditure on cutting-edge armed forces to improve its military relations with countries in the Asia-Pacific region – including exporting substantial military hardware – in its endeavour to maintain the balance of power.

Allow me to end this section with a brief glance at the memoirs of Admiral Liu Huaqing, the father of the modern Chinese navy. In his memoirs of 2004 Liu refers to six objectives:

The reunification of Taiwan with the mainland; the return of lost and/or disputed maritime territories; the defence of national maritime resources; the securing of China's strategic lines of communication (SLOC); the evasion or decisive defeat of any seaborne attack; the construction of sufficient strategic nuclear deterrence.

In practical terms this implies, among other things, that China must secure its maritime energy supply chain across the Indian Ocean region and the South China Sea, quite simply because most of its seaborne energy imports transit through these regions. Consequently, China is engaged in port projects in Gwadar, Pakistan. Once complete, China would then obtain direct access to the India Ocean and Gulf energy supplies that bypass the Malacca Straits, through which 80% of China's oil imports currently pass.

China is also engaged in Colombo and Hambantota, Sri Lanka and in Chittagong, Bangladesh. Beijing has also finalized its first overseas military outpost in Djibouti, projecting its power in Africa. Neither is the Middle East and the Gulf region to be overlooked, where China intends to play a bigger role in the future: in July, for example, China signed a 300 million US Dollar deal with the United Arab Emirates to develop a manufacturing operation in the free-trade zone of Khalifa Port.

Whereas we observe an arms race and growing tension in the Asia-Pacific region, I believe that the risks of open conflict in the East or in the South China Sea are limited and can be contained. Neither China nor the U.S. are interested in engaging in war – in spite of the sabre-rattling rhetoric between the US and North Korea. But if provocations by claimants in the region persist, military conflict would then seem possible – caused by accident, perhaps, but enough to initiate a series of spiralling negative events. Mechanisms for minimizing potential risks should be further developed.



## 6. Twelve Recommendations

Ladies and Gentlemen, I would like to close by way of twelve recommendations: though published last year I still consider them valid.

1. Empathy with the mentality and interests of local decision-makers is imperative for improving understanding of developments in the Asia-Pacific region.
2. In so far as historical experience continues to be deeply rooted in the minds of decision-makers, as well as among the region's general population, such factors thus have a bearing on the current dispute in the East and South China Sea. Consequently, political dialogue should be prioritized in bridge-building endeavours.
3. Whereas, decision-makers in the European Union concentrate first and foremost on such issues as migration, terrorism, the critical situation in the Near and Middle East, and on the ongoing Ukraine question, it is the precarious situation in the East and South China Sea, as well as the Korean Peninsula that no less demands our vigilant observation.
4. To supplement information gathered through state organisations, EU decision-makers should also draw on the comprehensive knowledge resources of private-sector institutes as follows:
  - a) Provision of analyses on the multiple aspects relating to maritime security.
  - b) Operative recommendations for action containing political, economic and military options, including "worst-case scenarios".
  - c) Mediation of information gained from international conferences and workshops (themes, contents)
  - d) Participation in the elaboration of educational measures by EU member states in zones in and around the Indian Ocean and bordering region.
  - e) Lectures on maritime security.
  - f) Establishing contacts to those persons and organisations concerned with maritime security worldwide.
5. In view of the strained situation in the East and South China Sea, the United States and China should continue strengthening their dialogue on military intentions, above all regarding the risks involved with A2/AD capabilities.
6. The development of a code of conduct in the South China Sea should be actively developed. In order to succeed, the 21st Century Maritime Silk Road must be founded on mutual respect and mutual benefit.
7. China and other claimants in the South China Sea should seek a common approach with respect to oil and gas exploration in these waters.
8. The United States, South Korea and Japan should continue to strengthen its relationship, including the exchange of intelligence information, more specifically regarding North Korea.
9. Improvement of regional and international cooperation for managing crises situations.



10. Awareness-raising of potential threats arising from territorial disputes in the East and South China Sea should be increased among decision-makers in the political arena, the armed forces, as well as in corporate and public sectors.
11. The European Union should strengthen cooperation with those states which share our values.
12. Communication capabilities and openness for understanding the perception of one's counterpart should be cultivated, since this is fundamental for successful dialogue.

Ladies and Gentlemen, I thank you for your attention, and look forward to fruitful discussions.

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**Remarks:** The opinions expressed in this contribution are those of the author.

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### About the Author of this Issue

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Dr Peter Roell has been President of the Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) in Berlin since January 2006. His former post was as Senior Advisor for Foreign and Security Policy at the Permanent Representation of the Federal Republic of Germany to the EU in Brussels. While in Germany, he served the German Government as Director of the Asia-Pacific, Latin America and Africa (Sub-Sahara) Department and at German embassies in the Near- and Middle East, and in Asia.

Dr Roell studied sinology and political sciences at the universities of Bonn, Taipei and Heidelberg. He gained his Ph.D. from the Ruprecht-Karls-University, Heidelberg.

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