Managing Energy Insecurities in East Asia

Natural Resource Development and Sea-Lane Security

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Abstract:

This paper looks at regional cooperation to manage energy scarcity, in particular efforts to develop unexplored fossil fuels such as oil and gas in the East China and South China Seas as well as efforts to secure the safety of sea lines of Communication (SLOCs). In both areas, the main barrier to cooperation is the states’ strong adherence to norms of sovereignty and domestic non-interference. At the same time, however, the paper finds that these Westphalian norms are not surmountable. In a comparative case study of Japanese-Russian and Japanese-Chinese energy cooperation in which both bilateral relations are plagued by territorial disputes, the former has made much more progress than the latter case. Strong leadership and dramatic improvement in political relations were significant factors that promoted Japanese-Russian energy cooperation.

Michael T. Klare argues that the most likely cause of war in the early decades of the twenty-first century is resource scarcity. The danger of inter-state conflict over access to primary energy resources is most acute in East Asia. As modern history shows, Japan’s advance into the south of the region during the Second World War was to a significant degree an effort to take control of the energy resources in the region. Many prominent scholars have voiced such danger of armed conflict over natural resources in the region. For example, Kent Calder warned that Asia’s energy insecurities could generate regional instability. Mark Valencia argued that competition over scarce resources could become the catalyst for regional conflict. While sceptical of the view that military conquest arises directly from energy shortages, Alan Dupont argues that competition over natural resources contributes to conflict in the region.

This paper takes the view that let alone the danger of conflict over natural resources, energy scarcity is in and of itself a grave security concern in East Asia because energy shortages can seriously disrupt states’ essential economic activities and affect the lives
of the people. Serious energy shortages are possible in East Asia for three reasons. First, East Asia is poor in raw materials such as oil and natural gas. The Asia-Pacific holds the world’s least proven oil reserves of 3.7 percent, compared to 65.4 percent of the most oil-abundant region the Middle East. Second, confronted by East Asia’s steadily rising energy demand and diminishing level of already low self-sufficiency, it is not clear as to how East Asian countries could meet their considerable energy insecurities. To make matters worse, world’s oil will become less and less available. Some time before 2010, global oil production will reach its peak and the depletion of known reserves will pass the halfway mark. Thirdly, because the region is poor in natural resources as well as in production level, East Asian states are heavily dependent on imported oil via sea. The sea-lanes or sea lines of communication (SLOCs) are vulnerable to various sources of threat. Disruption of the SLOCs can readily hamper states’ economic activities.

This paper first elaborates on East Asia’s serious energy predicament by illustrating its energy patterns and prospects. This section will provide the objectives which East Asian states need to cooperatively achieve to manage their energy insecurities. Specifically, it focuses on cooperation on natural resource development and sea-lane security. A stocktake of cooperation on these two types of cooperation presents different puzzles to our understanding of state-to-state cooperation. A puzzle that the first type of cooperation—the development of natural resources—presents is why cooperation progresses in certain pairs of state and not others despite that both the former and the latter are contesting over the issue of territorial sovereignty. What is it that is found in the former dyads but is lacking in the latter dyads? What overcomes obstacles to cooperation such as sovereignty disputes and facilitates state-to-state cooperation? An examination of cooperation on sea-lane security, on the other hand, will give rise to the following questions: What are the main obstacles to further promoting sea-lane security cooperation? Can states in East Asia overcome the obstacles? If so, how? Providing answers to these questions is the aim of this paper.
Natural Resource Scarcity and Seaborne Trade

As many East Asian countries recovered from the 1997 Asian financial crisis, the region’s energy demand is on the rise. The Asia Pacific Energy Research Centre (APERC) predicts the APEC region’s oil demand to increase by 2.1 percent per annum between 1999 and 2020, nearly 54 percent increase in quantity in twenty-one years (40.6 million barrels per day [mbd] in 1999 to 62.4 mbd in 2020). Similarly, U.S. Department of Energy forecasts that energy demand of developing Asia, where the world’s strongest annual growth rate of energy consumption (3 percent) is expected, is projected to more than double between 2001 and 2025, which accounts for nearly 40 percent of the total projected increase in world energy consumption. With the expected depletion of known global oil reserves and the region’s rising energy consumption, Asia will be short of 26 to 31 million barrels of oil (40 percent of world total production in 1998) by 2020. The first question that this paper asks is, as Robert Manning put most bluntly, where would some 26 to 31 million barrels of oil come from?

Although not enough by itself, most of East Asia’s energy demand will continue to be met by imports from other regions, particularly the Middle East. Most Northeast Asian states are almost totally dependent on outside resources. Japan, the ROK, China and Taiwan are the world’s top importers of primary energy resources. For example, Japan imports 99.7 percent of its total oil consumption, 98.4 percent of coal consumption and 96.7 percent of natural gas/liquefied natural gas (LNG) consumption. Similarly, with no domestic oil reserves of its own, the ROK imports all of its crude oil, which accounts for 56 percent of its primary energy consumption in 2000. In 2002 China surpassed Japan as the second largest oil consumer of the world after the United States. Since 1993, the PRC is a net oil importer, and its import dependency is expected to rise along with the rise in oil consumption. China’s imports are projected to skyrocket from 34 percent in 2002 to more than 80 percent by 2030.
Still, Southeast Asia, where many states are oil-exporting economies, has been a net oil-importing region since 1993. Even Indonesia and Malaysia, the region’s chief oil exporters, are expected to turn to oil importers after 2010. As a whole, it is expected that the Asia-Pacific countries’ import dependency is to increase by 20 percent in the next twenty years (60 percent in 1999 to 80 percent in 2020).

Virtually all the imported energy resources as well as exports go by sea, for over 99.5 percent of international trade is waterborne. For the Asian export-oriented economies, export is the chief form of revenue and the engine of economic growth. In fact, in 2002, Asia had by far the largest share (36.8 percent) of the total tonnage of world seaborne exports. The two most export-dependent countries for their economies in 2000 were Singapore and Malaysia, with the ratio of exports as a percentage of gross domestic product (GDP) was approximately 150 percent and 110 percent respectively. East Asian countries’ high dependency on imports for energy resources and on exports for economic growth highlights the importance of uninterrupted flow of maritime traffic. The second question is, therefore, what should East Asia do to maintain smooth inflow and outflow of raw materials and goods?

**Coping with Energy Scarcity**

There are two primary means to address East Asia’s energy insecurities. Confronted by the rising energy demand, East Asian countries need to raise the production level of energy resources through development of unexplored fossil fuels in areas such as the East China Sea, the South China Sea and the Russian Far East. Despite the reported existence of one of the world’s most abundant oil and natural gas deposits in these areas, most of the resources are still lying idle. Construction of pipelines to transport oil and gas to needed countries is also crucial. Secondly, as East Asian countries will continue to rely on imported oil from the Middle East and exports for their economic growth, it is
vitally important to ensure safe maritime transport of energy resources and commodities; that is to say, the maintenance of SLOC security.

Both development of natural resources and the protection of SLOCs require cooperation among states as neither can be effectively dealt with unilaterally. For instance, oil and gas exploration requires an extremely large amount of money as well as advanced technology and equipment. Few countries in East Asia have both at their disposal. And, more importantly, natural resources often lie across boundaries. Thus, one cannot exploit the seabed without the consultation and cooperation of its neighbouring countries. Likewise, no one country is capable of securing the long maritime corridors\textsuperscript{21} flowing into and out of the region. Pirates, moreover, operate in total disregard of territorial waters.

SLOCs are vulnerable to various sources of threat. U.S. Center for Naval Analyses identifies five military and four non-military threats. Military threats include an attack on commercial shipping by a regional state, conflict between regional states, conflict between a regional and a superpower, intervention by an external state and the use of mines. Non-military kinds include piracy, accidents, over-regulation by governments and oil spills.\textsuperscript{22}

**Natural Resource Development**

A remarkable number of bilateral joint development and natural gas pipeline projects have been developed or contracted intra-subregionally and inter-subregionally. The ties developed through natural gas pipelines and joint development are most dense within Southeast Asia. Malaysia, Thailand and Indonesia have played primary roles in developing natural gas pipelines as most pipelines involve one of these countries.\textsuperscript{23} Malaysia and Thailand jointly explore and develop gas in the Malaysia-Thailand Joint Development Area (JDA), which is located in the lower part of the Gulf of Thailand. Malaysian Petronas and the Petroleum Authority of Thailand (PTT) signed an
agreement in 1999 to proceed development of a gas pipeline from the JDA to a plant in Songkla province in Thailand, connecting the Malaysia-Thai gas grids. Construction of the pipeline began in 2002.

Indonesia has its large gas field in Natuna located in the South China Sea from which Jakarta supplies natural gas to Singapore and Malaysia. Indonesian state petroleum company Pertamina began supplying 325 million cubic feet per day of natural gas in West Natuna to Singapore in 2001 while the supply of 150 million cubic feet per day of natural gas from fields in southern Sumatra to Singapore was inaugurated to begin in 2003. Thailand and Myanmar have also completed their 670-kilometer natural gas pipeline in 1999, which connects Burma’s Yadana gas field in the Andaman Sea to an Electricity Generating Authority of Thailand (EGAT) power plant in Ratchaburi. Transnational pipelines also connect Malaysia and the Philippines, Malaysia and Singapore, Indonesia and Thailand, and possibly Malaysia and Brunei. The total length of existing and planned or under construction natural gas pipelines combined amounts to 18,000 kilometres.

The foregoing dense network of bilateral gas pipelines in Southeast Asia developed into a multilateral project in 2002. At the Twentieth ASEAN Ministers Energy Meeting in July 2002, the ASEAN countries signed the ASEAN Memorandum of Understanding on the Trans-ASEAN Gas Pipeline (TAGP) Project, the idea of which has been floating since the early 1990s. The TAGP Project will interconnect the members’ seven cross-border and domestic gas pipelines in the Gulf of Thailand, South China Sea and Sumatra. The seven gas pipelines are Malaysia-Singapore, Thailand-Myanmar, Indonesia-Singapore, the Philippines, Indonesia-Malaysia, Malaysia-Thailand and South Sumatra-Singapore. Also, in September 2002, it was declared that a new 5000-kilometer natural gas pipeline would be built through the APEC forum’s Partnership for Equitable Growth (PEG). The pipeline, which will be Asia’s largest, will link an Indonesian gas field with China, Malaysia, Thailand and Vietnam.
In Northeast Asia, cooperation on resource development is limited, though it is expanding gradually. There are two bilateral joint development agreements in Northeast Asia. One was reached between Japan and South Korea in 1974, establishing a Joint Development Zone in the Sea of Japan. Exploration began in September 1979, but so far no oil has been found. The other bilateral venture agreement in Northeast Asia is in place between Beijing and Taipei, despite lack of formal ties between them. Upon the completion of the joint seismic surveys in 1999, China’s state-owned oil firm China National Offshore Oil Corporation (CNOOC) and Taiwan’s national oil company Chinese Petroleum Corporation (CPC) signed an agreement in May 2002 to explore an approximately 6000-square-mile area in the Taiwan Basin of the Taiwan Strait.

The network of multilateral joint development is also emerging in Northeast Asia. In the Russian Far East, there are eight giant multinational oil and gas exploration projects, namely the Sakhalin projects. Advancing the Sakhalin projects is critically important especially to Northeast Asian countries because Sakhalin is the largest source of oil and natural gas for the entire Asia-Pacific region. The combined gas supply of the Sakhalin-I and –II alone could meet 12.2 percent (twenty-nine trillion cubic feet) of the region’s demand. The most advanced project is the Sakhalin-II, which is ventured by Shell, Mitsui and Mitsubishi, which together form Sakhalin Energy Investment Company (Sakhalin Energy). The Sakhalin-II consortium produced its first petroleum in 1999 and exported approximately 11.7 billion barrels of oil to China and South Korea in 2000. It is expected that the project’s first LNG shipment is to begin in 2006, and Tokyo Electric Power Company has already announced its plan to import 120 tonnes of LNG annually for twenty-two years from April 2007. Furthermore, the consortium of the Sakhalin-I decided in 2002 to build a 1,440-kilometre gas pipeline directly from Sakhalin to Tokyo.

Eastern Siberia is another area where joint development and pipeline projects are expected to be undertaken in the near future. Oil imports from Siberia and Sakhalin can
lower Japan’s Middle East dependence by nearly twenty percent.\textsuperscript{37} There are two proposed oil pipelines competed by China and Japan. The Chinese-backed Daqing route (Angarsk to Daqing) is a 2200-kilometre pipeline which would carry 600,000 barrels of oil a day whereas the Japanese-backed Nakhodka route (Angarsk to Nakhodka) is a 4000-kilometre pipeline which would ship one million barrels of oil a day.\textsuperscript{38} The relevant Russian authorities are opting for the project.

While cooperation has progressed between and among East Asian states to address the region’s energy shortage, interestingly no joint development agreements are reached in the areas of the East and South China Seas and the Yellow Sea despite that the East and South China Seas are believed to contain a large amount of oil and gas. The absence of cooperative arrangements in these waters challenges theories of International Relations in that international cooperation does not necessarily occur even when the conditions are met. The degree of cooperation differs not only from one issue-area to another, but also within one issue area. In the case of energy security, why is international cooperation discernible in certain dyads of state and not others? Why isn’t there cooperation in the East China Sea (China and Japan), the South China Sea (Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam) or the Yellow Sea (China and the ROK)?

A common explanation for the absence of agreements between and among these countries is that the issues of sovereignty and territoriality are involved in these seas. In the waters around the Senkaku/Diaoyu Islands, Japan and China are unable to agree on the delimitation of the continental shelf, and differences in their approach towards delimitation have yielded irreconcilable gap in demarcating an area to be jointly developed.\textsuperscript{39} Such an explanation appears to apply particularly well to the Japanese-Chinese case in light of the fact that the two countries were able to reach a new fishery agreement in the East China Sea in 1997, though the negotiations were by no means smooth for it took more than two years to put the agreement into effect.
Tokyo and Beijing set up a Temporary Co-Management Fishery Zone between 27 degrees and 30.4 degrees north latitude and a zone called the Central Zone north of 30.40 degrees north latitude. But fishing activities will remain the same as before in the southern part of the East China Sea—south of 27 degrees north latitude and west of 125.3 degrees east longitude—where the Senkakus are located between 25.44 and 25.56 degrees north latitude. Mainichi editorial, for example, wrote that both sides could not work out the southern area due to the existence of the sovereignty dispute over the islands.

The same obstacle is said to prevent joint development in the Yellow Sea where Beijing and Seoul cannot agree on how to delimit a joint development zone. Similarly, in the South China Sea, while China proposes joint development with other ASEAN claimants, the latter are reluctant to engage in such undertakings. The main reason for their objection is that the idea proposed by China is not consistent but selective. That is, China’s idea of joint development aims at the areas that are under the jurisdiction of other countries such as the Tu Chinh area of Vietnam or the Natuna area of Indonesia, and thus the ASEAN claimants perceive the Chinese formula with reservations that Beijing is trying to legitimize its sovereignty claim of territories of others. A Vietnamese scholar, for example, wrote that the premise for Chinese joint development idea is “the sovereignty in the South China Sea belongs to China.”

Although the point is well taken and the issue of sovereignty does seem to influence the outcome of joint development proposals negatively, the existence of sovereignty dispute does not negate the possibility of such cooperation. For example, although the territorial claims over the Northern Territories or the Kurile Islands remain unresolved, Japan and Russia are cooperating through the Sakhalin projects and Tokyo is very keen on oil in Eastern Siberia. The hypothesis that sovereignty disputes inhibit energy security cooperation therefore cannot explain why Japan cooperates with Russia but not with China.
One likely counter-argument is that Japan could cooperate with Russia in Sakhalin and Eastern Siberia because the dispute is over the sovereignty of the Northern Territories, not the former regions. Thus, Tokyo and Moscow would find easier to shelve the dispute since joint development does not require the solution of the Northern Territories. However, Japan and China, on the other hand, cannot cooperate because joint development of the East China Sea directly involves the sovereignty of the Senkakus. Tokyo and Beijing find themselves in a more difficult situation than Tokyo and Moscow do.

However, this explanation does not stand well either because the primary reason that Japan had been reluctant to undertake joint development projects with Russia was the lingering dispute over the Northern Territories even though Japanese companies had strong interests in Russian Far East over the years. The Japanese government had put the Northern Territories at the centre of its Russian policy for years, and Russia’s recognition of sovereignty over all the disputed islands was the precondition not only for a peace treaty but also for business enterprises. Why, then, is Japan now earnestly engaging in and seeking natural resource development projects with Russia despite the fact that the territorial sovereignty of the islands remains contested? The answer to the question should reveal what propels international cooperation between states with territorial sovereignty disputes.

**Japanese-Russian Energy Cooperation**

Two factors made energy security cooperation possible between Tokyo and Moscow: dramatic improvement in the Japanese-Russian relations in the 1990s and the leadership of the premiers. Improvement in the bilateral relations laid the groundwork for strong leadership to be exercised. These two factors are closely connected to each other, and an analysis of how improvement in the Japanese-Russian relations was brought about is in order.
In the wake of the end of the Cold War, officials of the Japanese Ministry of Foreign Affairs (MOFA) became increasingly aware that it was not in Japan’s national interests to keep the Japanese-Russian relations in stalemate. Firstly, consideration for regional balance of power was prevalent within the Ministry. Moscow was improving its relations with Washington and Beijing in the early 1990s. Under the circumstances, it was natural for the MOFA officials to realize that the weakest bilateral relations among the four major powers in East Asia (the United States, China, Japan and Russia) were those between Japan and Russia. MOFA officials had misgivings about being isolated from the other three powers unless the Japanese-Russian relations were improved. It was thus in Japan’s interests not to be left out from the United States and China, especially at a time when Japan’s economic power was in decline after the bubble burst.

There was also international pressure or gaiatsu from the international community, especially the members of the Group of Seven (G-7). While the developed countries had been forging a program of support for Russia’s political and economic reforms, Tokyo could not promote cooperation with Moscow because of the Northern Territories. Such Japan’s backward position toward Russian reforms drew criticism from the other members of the G-7. To dispel such criticism, there was a feeling within the MOFA that only through real actions could refutations become convincing and could Japan win the support of the international community.47

Finally, there was a shift in Japan’s Russian policy. The shift was brought about after the cancellation of Russian President Boris Yeltsin’s visit to Japan in September 1992. The cancellation of the visit bred a sense of crisis within the Foreign Ministry that the “basic framework” of the Japanese-Russian relations could crumble.48 This sense of crisis led to a change in Japanese Russian policy, from what one scholar called the Owada-Hyodo line to the Edamura line.49 The Owada-Hyodo line, led by Hisashi Owada and Nagao Hyodo, prioritized the return of the islands, taking precedence over the rapprochement with Russia. The Owada-Hyodo line favoured linking the territorial
issue with economics, the latter serving as bait to the territorial issue. By contrast, the Edamura line, named after Sumio Edamura, placed the achievement of rapprochement with Russia at the centre of Japan’s Russian policy. Edamura took the position that economics should be separated from politics, believing that economic aid to Russia would bring about the rapprochement of the two countries and the improved bilateral relations could eventually lead to the return of the disputed islands to Japan.

The balance-of-power consideration, international pressure and the shift in policy from the inseparability to the separation of politics from economics drove the Japanese government to seek for improvement on relations with Russia. Under the leadership of Prime Minister Ryutaro Hashimoto, the Japanese government developed a policy labelled as a multilayered approach at the beginning of 1997. The multilayered approach sought to broaden the range of areas of cooperation including political and security dialogue, economic cooperation, culture, human exchanges, science and technology, etc, and progress on them did not need to be balanced with progress on the Northern Territories question.50

On the Russian side, too, Moscow saw improvement of relations with Tokyo was in Russia’s best interests. The expansion of NATO (North Atlantic Treaty Organization) forced Russia to seek a counterweight to balance the United States and Western European countries. The Russian government sought closer cooperation with China. However, for a variety of reasons Moscow could not rely on China alone as these two countries had been in strife for years. Against this backdrop, the Russian keenly felt the need to improve relations with Japan.51

The Japanese-Russian relations dramatically improved after Prime Minister Hashimoto came to power in 1996. Hashimoto was able to exercise strong leadership as the groundwork for improved Japanese-Russian relations had already begun since the early 1990s. Hashimoto felt the need to strengthen the ties between Japan and Russia as in the emerging quadrangle—the United States, China, Japan and Russia—it was these
ties that had been the weakest. Hashimoto also developed close personal relations with President Yeltsin. Hashimoto forged his Eurasian policy and in July 1997 delivered an unprecedented speech in the history of bilateral relations with Russia, which incorporated the infamous Hashimoto’s Three Principles toward Russia, policies based on trust, mutual interest and long-term perspective. Based on the Three Principles Hashimoto stressed the need to widen the range of cooperation, including energy security cooperation. Hashimoto stated that Japan should pay particular attention to economic cooperation and, specifically, the development of energy resources in Siberia and the Russian Far East. Hence, the leadership of the leaders of the two countries accelerated the pace of improvement between them and made a breakthrough in the area of energy security cooperation.

More recently, Prime Minister Junichiro Koizumi has picked up the momentum of the Japanese-Russian relations and been expressing Japan’s interests in Russia’s natural resources, especially those in Siberia. After Koizumi visited Khabarovsk in January 2003 and agreed with President Vladimir Putin to develop energy resources and construct a pipeline for transportation in the Russian Far East and the Siberian region, Japan and Russia are continuing talks through such mechanisms as the Japan-Russia Energy Consultations. Japan is making strenuous efforts to realize the Nakhodka route or the Pacific pipeline.

By contrast the strong leadership that existed in the Japanese-Russian relations is not discernible in the relations between Japan and China, even though the relations between the latter two countries have improved greatly in the 1990s. Selig Harrison argues that joint natural resource development in the East China Sea between Japan and China depends not only on their overall bilateral relations but also on the status of the Kurile Islands. According to Harrison, Japan is reluctant to suspend its territorial claims to the Senkakus for the sake of joint exploration and development with China, a prerequisite for seabed cooperation there, lest this set a precedent that would undermine
its stance in the Kurile Islands. However, Japan can in theory also employ a multilayered approach with China as it separated politics from economics with Russia and go on to undertake seabed cooperation in the East China Sea. After all, the Japanese government provides aid to the peoples of the Northern Territories despite that Tokyo continues to contest the sovereignty of the four islands. Moreover, Japan and China were able to set aside the issue of the boundary delimitation of EEZs when they concluded the 1997 Fishery Agreement. Thus, if the Japanese-Russian experience is any guide, leadership is necessary to break the continuing deadlock in the East China Sea.

**Sea-Lane Security**

There are two principal sea-lanes in East Asia, one passing through the South China Sea to the Indian Ocean and to the Persian Gulf, the other passing through the East China Sea to the Sea of Japan and to the Pacific Ocean. The Straits of Malacca and Singapore are the world’s two busiest straits, with more than 200 ships transiting daily. Transit via these straits provides the shortest sea-route between the Indian Ocean and the South China Sea. An alternative longer route passes through the Straits of Lombok and Makassar or the Sunda Strait. The task of East Asian states is to ensure the security of the long shipping lanes and the world’s busiest chokepoints from piracy, accidents and oil spills.

**Anti-Piracy**

The problem of piracy is nowhere more serious than East Asia as nearly three-quarters of the world’s piracy incidents now take place in the region. Under international law, piracy is defined as illegal acts of violence or detention committed for private ends on the high seas. Piracy may not threaten states’ survival directly, but it is arguably “the single greatest menace” to the security of sea lines of communication (SLOCs), which may consequently destabilize states’ economies. As Japanese senior state secretary
for foreign affairs stated, “Piracy not only poses a threat to the transportation routes of Japan…[but] could also have a major impact on the social stability and economic prosperity of the entire region.”

Joint or coordinated patrols between regional maritime agencies are effective in clamping down on piracy. The hot spot of piracy in the region is the Straits of Malacca and Singapore. After a surge of piratical incidents in the early 1990s, especially 1991, the coastal states of the Straits of Malacca and Singapore—Indonesia, Malaysia and Singapore—agreed in 1992 to conduct coordinated patrols. Indonesia and Singapore reached an agreement on hot pursuit as well as to set up direct communications links between their navies for coordinated patrols in the Singapore Strait while Indonesia and Malaysia agreed to arrange a joint Maritime Operation Planning Team to provide joint patrols in the Malacca Strait. The piracy incidents in these two Straits resulted in virtually a complete reduction of piracy for several years after 1992 as a result of these cooperative arrangements. Malaysia also conducts joint naval patrols with the Philippines (the Malaysia-Philippines Border Patrol Coordinating Group: PCG) and Thailand (the Gulf of Thailand and Andaman Sea) whereas Indonesia conducts with India.

The effectiveness of coordinated patrols is also shown in the early 2000s. The number of piratical incidents increased in the aftermath of the Asian financial crisis. The worst year was 2000, with 60 percent increase from the previous year. Among the 469 pirate attacks reported to the IMB worldwide, more than two-thirds occurred in Asian waters, with most taking place in Indonesian waters. Piratical attacks also increased in the Malacca Strait, with an increase in number from two to seventy-five. Thanks again to coordinated anti-piracy measures of Malaysia and Singapore around the Strait, with a 77 percent drop (seventy-five to seventeen incidents) in 2001. But, the number of pirate attacks has not decreased in the Indonesian waters. Indonesia has marked the highest number of attacks since as late as 1999.
Anti-piracy arrangements are also in place between Northeast Asian countries. After the decrease of piratical incidents in the Malacca and Singapore Straits in the early 1990s, the focus shifted northeastward to the East and South China Seas, particularly the Hong Kong-Luzon-Hainan Island (HLH) triangle between 1992 and 1994. Mirroring seventy-eight cases of piratical incidents by Chinese rogue elements between 1991 and 1993, Japan proposed to Chinese Foreign Minister Qian Qichen during his visit to Tokyo in February 1993 that coastguard officials from the two countries should meet to discuss the piracy issue. China agreed to an informal meeting which was held four months later where the two countries arranged to establish a hotline to deal with future incidents. The number of shipping incidents in the East China Sea over the following year reported to Japanese Maritime Safety Agency (JMSA) was reduced to only one. In addition, JMSA has conducted joint anti-piracy exercises with India, Malaysia and the Philippines.

In addition to coordinated anti-piracy patrols and exercises, the IMB established a regional Piracy Reporting Centre in Kuala Lumpur in October 1992. The Centre alerts ships and law enforcement agencies, receives and analyses reports of suspicious shipping movements and reports to relevant organizations, and issues piracy reports regularly. Also in March 2000, Coast Guards and relevant maritime agencies in East Asia agreed to establish piracy information centres to reduce the increasing incidents of piracy.

Prevention and Management of Accidents and Oil Spills
Collision and grounding of ships may result from an increase in the size, speed and number of vessels transiting narrow, shallow and busy straits such as the Straits of Malacca and Singapore. Regional cooperation to prevent maritime accidents has been promoted and effective in East Asia. The most important and effective measure is a Traffic Separation Scheme (TSS) developed by Indonesia, Malaysia and Singapore in
1981 by the Tripartite Technical Expert Group (TTEG) to regulate traffic and minimize
sea accidents in the Singapore Strait. To ensure compliance with the TSS, a voluntary
Vessel Traffic Information Scheme (VTIS) was set up in Singapore. The TSS was so
effective that no serious casualty was reported to have occurred within the confines of
the Scheme until 1993.63 However, as the number of collisions, some of them major,
began increasing in areas outside the Scheme, Indonesia, Malaysia and Singapore
revised the TSS in 1998. The revised TSS set up a new routing system which imposed
an under keel clearance of at least 3.5 metres for VLCCs (very large crude carriers)
during the entire passage through the Straits.64 To further improve navigational safety,
moreover, a mandatory ship reporting system known as STRAITREP was adopted.

The Western Pacific Naval Symposium (WPNS), the only multilateral naval
coope rative framework in the Asia-Pacific, brings together naval officials from eighteen
countries to discuss common maritime concerns such as SLOC security and the safety
of navigation as well as to enhance navy-to-navy cooperation. A series of workshops
led to the creation of a Maritime Information Exchange Directory, a WPNS Tactical
Signals Handbook and a WPNS Replenishment at Sea Handbook.65 The ASEAN
Regional Forum (ARF) is another important venue where maritime security is discussed.
Issues of maritime security are often considered in the CBM context in the ARF. To
support maintaining maritime safety, the ARF Regional Maritime Information Centre
(ARF-RMIC), based on the National Marine Data and Information Service of China,
was created to provide maritime data and information to the ARF members.66

Almost all the states in the region—except a landlocked state Laos—are also
committed to international law of the sea. One key regional treaty is a port state control
(PSC) agreement, which establishes a system that ensures port authorities that all
foreign ships sailing into their ports are without any deficiencies and comply with the
requirements of the international maritime conventions. Memorandum of Understanding
(MOU) on PSC in the Asia-Pacific Region, known as the Tokyo MOU, was opened for
signature in December 1993 and has been signed by eighteen authorities. In addition, mirroring the Bali bombing and the explosion of a French tanker in the Gulf of Aden, port authorities of ASEAN are planning to institute a shipping and security database to be shared among its members to enhance their information gathering capabilities. Many countries in East Asia are also signatories to key IMO conventions, including the 1972 Convention on the International Regulations for Preventing Collisions at Sea (COLREG), the 1974 International Convention on Safety of Life at Sea (SOLAS), the 1978 International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) and the 1979 International Convention on Maritime Search and Rescue (SAR). Finally, bilateral incidents-at-sea (INCSEA) agreements are in force between the United States and Russia, Japan and Russia, South Korea and Russia and China and the United States.

Regional countries are committed not only to pre-accidents but also post-accidents. Seminars on search and rescue (SAR), training and SAR exercises have increasingly been taken place in the region. A dense bilateral SAR network is in place in Southeast Asia, particularly between Indonesia, Malaysia and Singapore. Northeast Asian states have also begun conducting SAR exercises since the 1990s. Such operations are conducted between China and the United States, Japan and Russia, and Japan and South Korea. There are three main multilateral SAR exercises to maintain the safety at sea as well as SLOC security. They are RIMPAC (Rim of the Pacific), Pacific Reach and MCMEX (Western Pacific Mine Countermeasure Exercise).

Oil spills can also disrupt the safety of navigation, as large-scale oil spills may lead to prohibition or restriction of passage. Examples of such oil spill incidents include the Showa Maru in 1976, the Nagasaki Spirit in 1992, the Maersk Navigator in 1993, the Nakohdka in 1997 and the Evoikos in 1997. The number of oil tankers plying the Straits of Malacca and Singapore increased fourfold between 1979 and 1997, which suggests an enduring risk of oil spill incidents.
In 1981, Indonesia, Malaysia, Singapore and Japan’s Malacca Straits Council created a revolving fund of 400 million yen for the former three littoral states to use in combating oil spills in the Malacca and Singapore Straits. The fund is used for immediate clean-up operations in the event of oil spill incidents. For example, in the 1992 Nagasaki Spirit incident Malaysia and Indonesia sought an advanced sum of US 580,000 and 660,000 dollars for oil clean-up respectively. A number of training and joint oil spill exercises have also been conducted to test a standard operating procedure (SOP), which was introduced by a Committee of the fund. On a larger scale, ASEAN signed a memorandum of understanding in 1993 to develop an Oil Spill Response Action Plan (OSRAP) to improve the association’s marine oil spill combating capability in Southeast Asia. To that end, Japan makes financial contributions by providing one billion yen worth of oil spill equipment to ASEAN countries.

**Anti-Piracy Cooperation and Norms of Sovereignty and Non-Interference**

Cooperation to maintain the security of SLOCs is a good example in which international cooperation has progressed in East Asia. As the Straits of Malacca and Singapore are often called chokepoints and are at the heart of sea lane security, regional states have focused their cooperation on the areas. While cooperation is denser in Southeast Asia as the three littoral states of the Straits—Indonesia, Malaysia and Singapore—took the lead, Northeast Asian countries have begun cooperating especially since the 1990s. Given the critical need to cooperate to security the safety of navigation as well as the favourable conditions for cooperation in the 1990s, it was natural to observe such progress in regional cooperation.

Having said that, SLOC security cooperation in the region is by no means flawless, especially on anti-piracy efforts. The recent piratical trends tell us that the region’s anti-piracy framework has not necessarily kept abreast of the current trends. This is best indicated in Indonesia where the number of piracy has remained high since 1999.
Although the increase in the number of piracy in the Indonesian waters is due in part to insufficient allocation of funds and resources to relevant Indonesian authorities following the Asian financial crisis, a more fundamental challenge lies elsewhere. While joint sea patrol is effective and still necessary, the current era has reached the point where coordinated patrols alone are no longer sufficient to maintain sea lane security. Correctly, it is not joint patrols *per se* that is at issue, but the states’ attitude that hinder improvement on maritime patrols. Probably the most important task for East Asia countries is to better coordinate their maritime law enforcement agencies. And, the main obstacle to this objective stems from the intransigent adherence of some states to norms of sovereignty and non-interference in the internal affairs of others.

At least two cooperative arrangements can promote better coordination of maritime law enforcement agencies: conclusion of hot pursuit agreements and cooperation in inshore waters and within ports. Hot pursuit is the right to chase sea criminals—pirates, terrorists, etc.—beyond national boundaries. Hot pursuit is a necessary mechanism to capture pirates as they operate beyond national waters. But, because many Asian states are strongly committed to norms of sovereignty and domestic non-interference, they are reluctant to either chase sea criminals beyond their borders or prosecute other nationals under their jurisdiction. In fact, coordinated maritime patrols between states extend only as far as their own national boundaries. Accordingly, there is only one hot pursuit agreement in the region, between Indonesia and Singapore. The conclusion of more hot pursuit agreements is an impending task so as to disallow pirates to “find sanctuary by crossing territorial boundaries.”

Firm commitment by Asian countries to norms of sovereignty and domestic non-interference has similarly resulted in poor endorsement of the 1988 *Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation* or the Rome Convention, which allows state parties to chase beyond their borders, prosecute and extradite alleged offenders under their national laws. The effectiveness of the Rome
Convention is illustrated in the region. Although the Chinese government had freed pirates after seizure in the past, pirates will now be executed when caught as China legislated itself upon signing the Convention. The number of piracy around Chinese waters has dramatically decreased since then.\textsuperscript{73} Despite the effectiveness of the Convention, only six states (Brunei, China, Japan, Myanmar, the ROK and Vietnam) are signatories to this treaty in East Asia.\textsuperscript{74}

Secondly, anti-piracy cooperation in internal waters and at ports is also imperative. Most illegal acts of violence at sea in the region today are opportunistic or petty theft, which often takes place in inshore waters.\textsuperscript{75} In the period between 1995 and 1999 86.5 percent of piratical attacks in the Malacca Strait and the South China Sea had occurred in territorial waters or within ports.\textsuperscript{76} However, as mentioned, under international law piracy refers only to illegal acts of violence committed on the \textit{high seas}. Thus, criminal acts in territorial waters are not classified as piracy. Due to their sensitivities over sovereignty, many ASEAN states, too, classify such acts as sea robbery—a domestic crime.\textsuperscript{77} This conceptualization does not reflect the recent trends of piracy in the region, however. Regional states should not distinguish the whereabouts of piratical acts and should understand piracy as defined by the International Maritime Bureau (IMB) of the International Chamber of Commerce (ICC), which reads: an act of boarding or attempting to board any ship with the intent to commit theft or any other crime and with the intent or capability to use force in the furtherance of that act.\textsuperscript{78}

Taking cooperative actions against such ‘sea robbery’ requires cooperation between law enforcement agencies on land. As Rear Admiral Richard Lim, chief of the Singaporean Navy, said, “It is important to complement maritime patrols with effective police action on land…Ultimately it is more effective to catch [pirates] at places where they are operating from, and use police intelligence to find out where they are getting rid of their loot.”\textsuperscript{79} Conducting cooperation against piracy in others’ territorial waters is particularly a difficult task for Asian states which strongly abide by the norms of
sovereignty and domestic non-interference. Nonetheless, as pirates are also using advanced information technology, a clampdown on piracy is becoming increasingly a complicated business in the 21st century. It is thus imperative that countries in this region improve their anti-piracy cooperation before, as many shipowners say, “pirates cause disaster in Asia.”

Conclusions

Bilateralism and Multilateralism

In the literature of International Relations, there is a consensus among scholars that bilateral cooperation is easier to achieve than multilateral cooperation because transaction costs and the danger of cheating are lower in bilateral cooperation. However, the findings of this paper suggest that this is not necessarily the case. Joint development of natural resources in the Russian Far Eastern region is a case in point. Although the Sakhalin II project developed along with the process of improvement on the Japanese-Russian relations, the agreement of the project was reached prior to Hashimoto’s Three Principles speech in 1997, which expressed Japan’s interests in pursuing bilateral energy resource development with Russia.

The Southeast Asian experience suggests, nonetheless, that the existence of bilateral cooperation or prior experience in cooperation is an important contributor to achieving multilateral cooperation. It seems that a so-called ‘spider web’ model of bilateral cooperation establishes multilateral links or a virtual multilateral framework among them. The Trans-ASEAN Gas Pipeline (TAGP) is a clear example. The existence of a spider web network naturally led to the emergence of multilateral gas pipeline project. Another example is a quasi-multilateral (trilateral, to be precise) network in anti-piracy cooperation. While there is no multilateral agreement, by conducting bilateral coordinated patrols in the Straits of Malacca and Singapore, Indonesia, Malaysia and
Singapore construct multilateral links. The spider web network is gradually expanding as India, Japan, the Philippines and Thailand join the three littoral states for joint patrols to crack down on piracy.

*Historical Animosities*

In 1999 when Japanese Prime Minister Keizo Obuchi proposed an establishment of a regional Coastguard body to conduct maritime patrols in the Southeast Asian waters including the South China Sea and Indonesian waters, some countries in the region opposed to the proposition, especially China. Their response to Japan’s proposition was understood as stemming from historical an imosities. For example, Mark Valencia argued, “Bitter memories in the region of Japan's brutal wartime occupation…are major obstacles to carrying out the proposal.”

While historical animosities towards Japan may still exist among countries and as a consequence may affect international relations in East Asia, such feelings do not appear as ‘major obstacles’ to regional cooperation. Japan and China established a hotline in 1993 and cooperate against piracy in the East China Sea. Japan and the ROK have also set up a hotline in 1999 and have been conducting bilateral search and rescue exercises since 1999. Furthermore, while Malaysia has reportedly declined Obuchi’s regional Coastguard proposal, Japan has conducted anti-piracy exercises with Malaysia as well as with the Philippines.

Similarly, it may first seem that one of the reasons that cooperation on natural resource development is far denser in Southeast Asian than Northeast Asia results from the past experience of Japan’s brutal atrocities. But, the ROK, which, together with China, has the bitterest memories, reached an agreement on joint development with Japan in 1974. While historical animosities may still have some impact on international relations in the region, they are no longer a decisive factor in facilitating cooperation.
Norms of Sovereignty and Domestic Non-Interference

A more influential factor than historical animosities is Westphalian norms of sovereignty and domestic non-interference. As shown in SLOC security cooperation, strong adherence of some East Asian states to these norms remains a challenge to more effective anti-piracy cooperation. Having said that, policy-makers need not be overwhelmed by the negative impacts that these norms may have on cooperation for two reasons. First, while East Asian states have consistently abided by these norms throughout the 1990s, they have also made important progress in anti-piracy cooperation in the decade, and their efforts were effective. On the positive side, therefore, states can advance regional cooperation despite concern about sovereignty. Put differently, norms of sovereignty and domestic non-interference are not so influential as to totally prevent anti-piracy cooperation.

Secondly, and more importantly, concern for sovereignty is not an insurmountable barrier. The region’s experience tells that cooperation on natural resource development tends to stagnate when an issue of territorial sovereignty is involved. The examples include joint development between Japan and China, the ROK and China and China and the other disputants in the South China Sea. But, as shown in energy cooperation between Tokyo and Moscow, strong leadership and the underlying decent political relations are crucial in overcoming states’ concern for sovereignty.

NOTES


6 Dupont, East Asia Imperilled, p. 70.


8 Energy Information Administration (EIA), U.S. Department of Energy (DoE), International Energy Outlook 2003 (Washington, DC: U.S. Department of Energy, May 2003), pp. 1, 7. Developing Asia refers to countries and cities in East Asia, Central Asia, South Asia and Oceania. In this analysis, relevant countries and cities are Brunei, Cambodia, China, Hong Kong, Indonesia, Laos, Malaysia, Mongolia, Myanmar, North Korea, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.


10 Ibid.


14 Ibid.


16 Ibid.


21 The distance from the Persian Gulf to Japan is roughly 10,500 kilometres passing through the Straits of Malacca and Singapore and 12,000 kilometres through the Lombok and Makassar Straits. See Michael Leifer, “The Security of Sea-lanes in South-East Asia,” Survival 25, no. 1 (1983), p. 16.


26 In July 2003, Malaysia proposed Brunei to engage in joint development in the Baram Delta, the waters off the Malaysian states of Sabah and Sarawak. S. Jayasankaran and John McBeth, "Oil and Water," Far Eastern Economic Review, 3 July 2003.


34 “Sakhalin,” p. 47.
39 Han-ji Shaw, *The Diaoyutai/Senkaku Islands Dispute: Its History and an Analysis of the Ownership Claims of the PRC, ROC, and Japan*, Occasional Papers/Reprint Series in Contemporary Asian Studies No. 3 (152) (Baltimore: School of Law, the University of Maryland, 1999).
49 Ibid. The following discussion on the Owada-Hyodo line and the Edamura line is based on this work of Hasegawa.
Sengupta, "Japan Conducts First Bilateral Anti-Piracy Exercises in East Asia."


Ibid.


Ibid.

Ibid.


See the status of the Rome Convention at the IMO website at http://www.imo.org/home.asp.


Quoted in Richardson, “Shipowners Say It’s a Matter of Time before Pirates Cause Disaster in Asia.”

Ibid.

