

**THE SCARBOROUGH SHOAL DISPUTE
BETWEEN CHINA AND THE PHILIPPINES**

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Executive Summary

1. The recent security challenge between China and the Philippines over Scarborough Shoal was discussed on the sidelines of the ASEAN Defence Ministers Meeting (ADMM) in Phnom Penh, Cambodia from 28 to 30 May 2012. Both sides agreed to show restraint, avoid provocative actions and public statements, and keep communication channels open.
2. The current stand-off in the South China Sea between China and the Philippines is the most prominent recent security challenge and a test for realising an ASEAN Political-Security Community by 2020.
3. In the Scarborough Shoal (known as Panatag Shoal in the Philippines and Huangyan Island in China) dispute, both states claim it as their own. It represents one of a number of territorial claims in the South China Sea between China, Taiwan, and some ASEAN member states.
4. China's current position is to resolve maritime disputes bilaterally with the parties concerned. As such, there is limited probability that the United Nations or a third party will broker a negotiated settlement.
5. However, ASEAN is drafting a Code of Conduct governing behaviour in the South China Sea, which is due to be published in July 2012. China will be under diplomatic pressure to accept the ASEAN proposal. It will also be a mechanism through which there is currently no direct U.S. involvement.
6. The various policy positions articulated in China and the Philippines illustrate competing interests within and outside the government. In China these differences show the jockeying for prominence by individuals and institutions, particularly the People's Liberation Army. These competing interests are of greater prominence in the current leadership transition.

7. Recent protests and newspaper articles show increased levels of nationalism in public opinion of the two countries on the dispute.
8. China plans to strengthen its maritime surveillance capability to 16 aircraft and 350 vessels by 2015 to monitor, survey, protect maritime security, and inspect foreign vessels operating in “Chinese waters.”
9. The Philippines is reasserting its close relationship with the United States under the Mutual Defence Treaty, as well as pursuing international legal routes.