

The Philippine Daily Inquirer

FRIDAY / MARCH 2, 2018
WWW.INQUIRER.NET

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PALACE: ANY ENERGY DEAL MUST BE WITH CHINESE COMPANY, NOT BEIJING

Any potential deal between Manila and Beijing on energy exploration in the West Philippine Sea should involve a Chinese company and not the Chinese government, presidential spokesperson Harry Roque said on Thursday.

China claims most of the South China Sea, including waters in the West Philippine Sea—the 370-kilometer exclusive economic zone of the Philippines in the strategic waterway.

Brunei, Malaysia, Vietnam and Taiwan also have overlapping claims in the South China Sea.

"We might enter into an agreement with a Chinese-owned corporation, not the Chinese state itself," Roque said in a television interview.

Negotiations between the Philippines and China over exploration in the West Philippine Sea were disclosed last month by Foreign Secretary Alan Peter Cayetano.

Talks under way

Roque provided more detail on Thursday, specifying that talks were under way between the Department of Energy and an unnamed Chinese state company, and that

extraction of energy resources were now on the table.

He did not specify, however, which part of the West Philippine Sea was under discussion.

The Philippines and China last month agreed to set up a special panel to work out how they can jointly explore oil and gas in parts of the West Philippine Sea without having to deal with the touchy issue of sovereignty.

Pursuing a joint project would be extremely complex and sensitive, as sharing oil and gas reserves could be seen as endorsing other countries' claims.

"We are not entering into a sovereign agreement for exploration. It will be an agreement, if we do, between two corporate entities," Roque said.

The Philippines suspended exploration in Recto Bank (international name: Reed Bank) in 2014 as it pursued international arbitration over territorial disputes with China.

Arbitral ruling

In 2016, the Permanent Court of Arbitration in the Hague invalidated China's

claim over most of the South China Sea, though Beijing refused to recognize the ruling which spelled out the Philippines' sovereign rights to access offshore oil and gas fields, including in Recto Bank, within its EEZ.

Talks are going on with a Chinese state-owned company, Roque said, declining to name the entity.

Philippine National Oil Co., China National Offshore Oil Corp. and state-owned Vietnam Oil and Gas Corp. jointly surveyed Recto Bank from 2003 to 2008.

Doubts

"This will now actually entail joint exploration and possible exploitation of natural resources," Roque said.

But there are doubts a joint agreement will be approved because China does not favor activities that they have to undertake jointly with other people, Roque said.

Ties with China have warmed under President Duterte, who has put aside territorial disputes with Beijing in exchange for trade opportunities and financing in key infrastructure projects. —REPORTS

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* WEST PHILIPPINE SEA