

Topic and Research Question

Internationalization has become a prominent buzzword in regard to the South China Sea (SCS) conflict. While the Philippines submission of a legal case to the International Court of Arbitration presents the most recent and illustrative example of internationalization, the exploration and exploitation of the oil and gas resources in the SCS provides a similar interesting case. While technology and knowledge transfer is a major ration for cooperating with foreign firms, this thesis focus on the effects of internationalization on the national and regional security dynamics. Being closely linked to the field of International Relations Theory (IRT), internationalization is recognized as a form of hedging towards more assertive countries by entangling as much actors as possible in the region. Due to the relative limited research on this aspect, the primary object of this thesis is to develop a profound conceptualization of internationalization within the field of IRT. This includes a definition and analytical framework that contributes to the assessment of internationalization efforts by states and is reflected in the first research question:

Why and in which form have Vietnam and the Philippines internationalized its energy exploration and exploitation activities in the South China Sea since 2002?

Due to several commonalities (e.g. territorial disputes with other littorals in the SCS, vital economic interests in the SCS, and long-standing energy cooperation with foreign firms) Vietnam and the Philippines provide an interesting case study to test the developed analytical framework and investigate the impacts of internationalization on the national and regional security dynamics. Thus, the second research questions asks:

Which effects had the internationalization on the security situation of both countries and the wider South China Sea region?

State of the Art

The broad range of academic research on the South China Sea dispute can be briefly distinguished into five categories: holistic overviews (e.g. Kaplan 2014, Hayton 2014), security analysis (e.g. Storey 2013, Cronin et al. 2014), regional cooperation analysis (e.g. Chen 2013), bi- and trilateral studies (e.g. Chakraborti 2012, Hiep 2014), and energy cooperation and energy security studies (e.g. Buszynski and Sazlan 2007,

Buszynski 2012, and Graham 2014). Despite the current popularity of the term “internationalization” no precise conceptualization has evolved that provides an appropriate theoretical and methodological understanding of the subject. Similarly, the existing literature on International Relations Theory (IRT) has not acknowledged internationalization as an individual subject of its research.

Methodology and Approach

Given the lack of existing theoretical and methodological approaches, the thesis will draw upon the paradigms of neorealism, neoliberalism and the Regional Security Complex Theory to provide a general understanding of International Relations, to refine the subject, and to generate a definition and an analytical framework of internationalization. The thesis applies a deductive empirical approach that shall help to avoid a theoretical bias for the sake of a more vivid explanation of the current situation in the SCS.

Doing so, the thesis elaborates a first-of-its-kind conceptualization of internationalization, which is closely linked to Goh’s (2008) concept of “omni-enmeshment”. Internationalization is defined as “*an act of leveraging, whereby a given actor initiates a certain form of cooperation with at least one other actor on the regional or global level, aiming to engage this actor in a specific affair of the initiating actor, effecting regional and/or global dynamics*” (44).



Abbildung 1 - Threefold Scheme of Internationalization

The level of internationalization is measured in terms of geography and the arrangement of the regional security complexes made by Buzan and Wæver (2003: xxvi). Assessing the form of internationalization depends on the particular issue of concern. With respect to energy exploration and exploitation, four key types of cooperation are expectable: Production-Sharing Contracts (PSC), Concessions, Service Contracts (SC) and Joint Ventures. As reliable tools to measure the effects of internationalization are missing, the thesis will propose the number of stakeholders as the decisive unit to assess the effects.

Main Facts

Analyzing the empirics, certain commonalities and differences occur between the case of Vietnam and the Philippines.

Similarities

Both countries have applied a similar internationalization strategy signing nearly 50% of its agreements with companies from the East Asian Regional Security Complex, and 50% with extra-regional actors. Furthermore, companies from Great Britain and Australia are the most active partners for Vietnam and the Philippines. Thirdly, both countries prefer an at least 50% stake in any signed agreement that is maintained by its national oil and gas company or other local companies – only three agreements signed by the Philippines and eight agreements signed by Vietnam are conducted unilaterally.

Differences

The most obvious difference is the total number of signed agreements (Vietnam: 59 / Philippines: 12). In addition to this, the Philippines rather attracted small and medium-sized companies (e.g. Otto Energy or Kairiki Energy), whereas Vietnam signed numerous agreements with large global energy firms (e.g. ExxonMobile or Gazprom). A third difference is the lack of state or semi-state owned companies operating in the Philippines South China Sea energy blocks compared to the 12 national oil and gas companies cooperating with Vietnam. Fourthly, the Philippine National Oil Company is engaged in a mere three of 12 Service Contracts, while PetroVietnam (and its subsidiary PVEP) is engaged in 37 agreements. Finally, the year 2009 has not led to similar changes in the internationalization efforts in the Philippines than it has in Vietnam (Vietnam signed 35 of 59 agreements

between 2009-2015; the Philippines signed six of 12 in the same period)

Results

The empirics confirmed Goh’s “omni-enmeshment” thesis: Vietnam and the Philippines have been active agents in internationalizing its exploration and exploitation activities producing a diversified portfolio of cooperation partners. Moreover, the realm of energy cooperation provides states with an informal way to engage foreign firms and countries in the national and regional affairs without the need of precise justifications, as cooperation is certainly necessary in this area. The efforts set by Vietnam and the Philippines has contributed to its national security, as they were able to attract new actors to the region and long-standing partners got more engaged, whereby they limited the leeway of unilateral actions by more assertive powers.

At the same time, the internationalization efforts affected the regional security dynamics. First, engagement by companies from countries that have a geo-economic and geopolitical interest in the region (i.e. India and Australia) has increased. Second, this is linked to an enhanced activity by state or semi-state owned companies in the South China Sea since 2009. Third, states can use the acquired economic interests by its private or national companies to justify an extended physical presence in the region or an increased voice in the regional institutions. This latter argument, however, must be investigated by future research. Similarly, the role of state owned companies should be further researched.

References

All references can be found in the full version of the MA thesis available at <http://othes.univie.ac.at>

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Examination Date: 09.09.2015

